



**BNP PARIBAS**

## **BNP Paribas Arbitrage Issuance B.V.**

*(incorporated in The Netherlands)*

*(as Issuer)*

## **BNP Paribas**

*(incorporated in France)*

*(as Issuer and Guarantor)*

### **Note, Warrant and Certificate Programme**

This document (the "**Base Prospectus**"), together with supplements to this Base Prospectus from time to time (each a "**Supplement**" and together the "**Supplements**"), constitutes a base prospectus in respect of the Programme (as defined below). Any Securities (as defined below) issued on or after the date of this Base Prospectus are issued subject to the provisions herein. This does not affect any Securities issued before the date of this Base Prospectus. This Base Prospectus has not been approved as a prospectus for the purposes of the Prospectus Directive. "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the European Economic Area. This Base Prospectus constitutes an "issuance programme" for the purpose of the listing rules of SIX Swiss Exchange Ltd (the "**SIX Listing Rules**"), as supplemented by the Additional Rules for the Listing of Derivatives (the "**Additional Listing Rules for Derivatives**") and the Additional Rules for the Listing of Bonds ("**Additional Listing Rules for Bonds**") and collectively with the SIX Listing Rules and the Additional Listing Rules for Derivatives, the "**Listing Rules**").

Under the terms of the Note, Warrant and Certificate Programme (the "**Programme**"), BNP Paribas Arbitrage Issuance B.V. ("**BNPP B.V.**") may from time to time issue notes ("**Notes**") and each of BNPP B.V. and BNP Paribas ("**BNPP**" or the "**Bank**" and, together with BNPP B.V., the "**Issuers**" and each an "**Issuer**") may from time to time issue warrants ("**Warrants**") or certificates ("**Certificates**") and, together with the Notes and the Warrants, "**Securities**") of any kind including, but not limited to, Notes, Warrants or Certificates relating to a specified index or a basket of indices, a specified share, global depositary receipt ("**GDR**") or American depositary receipt ("**ADR**") or a basket of shares, ADRs and/or GDRs, a specified interest in an exchange traded fund, an exchange traded note, an exchange traded commodity or other exchange traded product (each an "**exchange traded instrument**") or a basket of interests in exchange traded instruments, a specified debt instrument or a basket of debt instruments, a specified debt futures or debt options contract or a basket of debt futures or debt options contracts, a specified currency or a basket of currencies, a specified commodity or commodity index, or a basket of commodities and/or commodity indices, a specified inflation index or a basket of inflation indices, a specified fund share or unit or basket of fund shares or units, a specified futures contract or basket of futures contracts, or the credit of a specified entity or entities, open end Certificates ("**Open End Certificates**") and open end turbo Certificates ("**OET Certificates**") and any other types of Securities including hybrid Securities whereby the underlying asset(s) may be any combination of such indices, shares, interests in exchange traded instruments, debt, currency, commodities, inflation indices, fund shares or units, future contracts, credit of specified entities, or other asset classes or types. Each issue of Securities will be issued on the terms set out herein which are relevant to such Securities under "**Terms and Conditions of the Notes**" in respect of Notes (the "**Note Conditions**") or "**Terms and Conditions of the W&C Securities**" in respect of W&C Securities (the "**W&C Security Conditions**"), and together with the Note Conditions, the "**Conditions**" and, in each case, on such final terms as will be set out in the final terms to be issued in respect of such Securities (the "**Final Terms**"), a form of which is contained in this Base Prospectus.

Application has been made to SIX Swiss Exchange Ltd ("**SIX Swiss Exchange**") to approve this document as an "issuance programme" for the listing of derivatives and bonds in accordance with the Listing Rules. For the purposes of such listing on SIX Swiss Exchange, this Base Prospectus and the relevant Final Terms will constitute the listing prospectus pursuant to the Listing Rules.

The Securities shall be governed by either English law ("**English Law Securities**") or French law ("**French Law Securities**"), as specified in the relevant Final Terms, and the corresponding provisions in the Conditions will apply to such Securities.

Securities issued under this Programme are unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves. Securities issued by BNPP B.V. will be guaranteed by BNPP (in such capacity, the "**Guarantor**") pursuant to either (i) a Deed of Guarantee in respect of English Law W&C Securities (the "**English Law Guarantee for W&C Securities**") and a Deed of Guarantee in respect of English Law Notes (the "**English Law Notes Guarantee**"), and together with the English Law Guarantee for W&C Securities, the "**English Law Guarantees**") or (ii) a *garantie* in respect of French Law Securities (the "**French Law Guarantee**") and, together with the "**English Law Guarantees**", the "**Guarantees**"), the forms of which are set out herein.

Each of BNPP B.V. and BNPP has a right of substitution as set out herein.

A description of the Final Terms (which for the avoidance of doubt may be issued in respect of more than one series of Securities) is set out herein and will specify with respect to each issue of Securities to which it relates, *inter alia*, the specific designation of the Securities, the aggregate number and type of the Securities, the date of issue of the Securities, the issue price, the underlying asset, index, fund, reference entity or other item(s) to which the Securities relate, the exercise period or date (in the case of Warrants), the redemption date (in the case of Certificates), the maturity date (in the case of Notes), whether they are interest bearing, partly paid, redeemable in instalments (in the case of Notes or Certificates), exercisable (on one or more exercise dates) (in the case of Notes or Certificates), the governing law of the Securities and certain other terms relating to the offering and sale of the Securities.

Each issue of Securities will entitle the holder thereof on due exercise (in the case of Warrants) or on the Instalment Date(s) and/or the Redemption Date (in the case of Certificates) or the Maturity Date (in the case of Notes) either to receive a cash amount (if any) calculated in accordance with the relevant terms or to receive physical delivery of the underlying assets (against payment of a specified sum in the case of Warrants), all as set forth herein and in the applicable Final Terms.

Any terms and conditions not contained herein which are applicable to each Series (as defined in the Conditions) of Securities will be set out in the applicable Final Terms which, with respect to Securities to be listed on SIX Swiss Exchange, will be delivered to SIX Swiss Exchange and published in accordance with the rules and regulations of SIX Swiss Exchange, as amended from time to time.

The Securities do not constitute collective investment schemes in the meaning of the Swiss Federal Act on Collective Investment Schemes ("CISA"). Accordingly, holders of the Securities do not benefit from protection under the CISA or supervision by the Swiss Financial Market Supervisory Authority ("FINMA"). Further, investors are exposed to the Issuer's and the Guarantor's insolvency risk.

If and to the extent the Securities will be listed on SIX Swiss Exchange, no simplified prospectus in the meaning of Article 5 para. 2 CISA in accordance with Article 4 para. 4 of the Swiss Federal Ordinance on Collective Investment Schemes ("CISO") must be prepared.

Prospective purchasers of Securities should ensure that they understand the nature of the relevant Securities and the extent of their exposure to risks and that they consider the suitability of the relevant Securities as an investment in the light of their own circumstances and financial condition. Securities involve a high degree of risk and potential investors should be prepared to sustain a total loss of the purchase price of their Securities. See "Risk Factors" herein.

The Securities and the Guarantees and, in the case of Physical Delivery Notes, Physical Delivery Warrants or Physical Delivery Certificates (each as defined below) (together, the "Physical Delivery Securities"), the Entitlement (as defined herein) to be delivered upon the exercise (in the case of Physical Delivery Warrants) or the redemption (in the case of Physical Delivery Notes or Physical Delivery Certificates) of such Securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or under the securities laws of any state or other jurisdiction of the United States. Furthermore, neither the sale of nor trading in the Securities has been approved by the Commodity Futures Trading Commission ("CFTC") under the United States Commodity Exchange Act of 1936, as amended ("CEA") and no U.S. person (as defined herein) may at any time purchase, trade, exercise or maintain a position in the Securities. Neither Issuer has registered as an investment company pursuant to the United States Investment Company Act of 1940, as amended (the "Investment Company Act"). The Securities are being offered and sold outside the United States to persons that are not U.S. persons (as defined herein) in reliance on Regulation S under the Securities Act ("Regulation S") and pursuant to CFTC regulations and guidance and subject to the following additional offering and transfer restrictions. No Securities of such series, or interests therein, may at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. person (as defined herein) and any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person (as defined herein) will not be recognised. The Securities of such series may not be legally or beneficially owned at any time by any U.S. person (as defined herein).

Notwithstanding the provisions of this Base Prospectus to the contrary, neither this Base Prospectus nor any copy hereof may be sent, taken into or distributed in the United States or to any U.S. person (as defined herein) or in any other jurisdiction except under circumstances that will result in compliance with the applicable laws thereof. This Base Prospectus may not be reproduced either in whole or in part, without the written permission of the Issuer.

As used herein, "U.S. person" means a person that is any one or more of the following: (1) a "U.S. person" as defined in Regulation S, (2) a "U.S. person" as defined in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the CFTC under the CEA, or (3) a person other than a "Non-United States person" as defined in CFTC Rule 4.7 under the CEA or (4) any other "U.S. person" as such term may be defined in Regulation S or in regulations or guidance adopted under the CEA, in each case, as such definition may be amended, modified or supplemented from time to time.

For a description of certain further restrictions on offers and sales of the Securities and on the distribution of this Base Prospectus, see "Offering and Sale" below.

Application has been made to SIX Swiss Exchange for the registration of this Base Prospectus as an issuance programme under the Listing Rules and application may be made for Securities issued under the Programme to be listed on SIX Swiss Exchange and admitted to trading on the relevant market of SIX Swiss Exchange. References in this Base Prospectus to Securities being "listed" (and all related references) shall mean that such Securities have been listed and admitted to trading on SIX Swiss Exchange as "derivatives" pursuant to the Additional Listing Rules for Derivatives or "bonds" pursuant to the Additional Listing Rules for Bonds. The applicable Final Terms will specify whether or not Securities are to be listed on SIX Swiss Exchange and, if relevant, will include information on the relevant market segment of the stock exchange on which the Securities are to be listed. However, this Base Prospectus has not been approved as a base prospectus for the purposes of the Prospectus Directive and, accordingly, no offer to the public may be made and no admission to trading may be applied for on any market in the European Economic Area ("EEA") designated as a regulated market, in each case for the purposes of the Prospectus Directive. Securities may only be issued under this Programme in circumstances where no prospectus is required to be published under the Prospectus Directive (see "Offering and Sale" below). Each Issuer may also issue unlisted Securities.

The Securities are cleared through SIX SIS Ltd. ("SIS"). The Securities may be issued under this issuance programme in certificated or uncertificated form (reference is made to Note Condition 1 and W&C Security Condition 2). Except as described herein, no definitive Securities will be issued. English Law Securities will be issued in certificated form, represented by a global security (a "Permanent Global Security"), which will be deposited with SIS or any other intermediary in Switzerland recognised for such purposes by SIX Swiss Exchange on or prior to the issue date of the relevant Securities. French Law Securities will be issued (i) in uncertificated and dematerialised form (*au porteur*) only and registered (*inscription en compte*) with SIS or any other intermediary in Switzerland recognised for such purposes by SIX Swiss Exchange on or prior to the issue date of the relevant Securities, and (ii) entirely outside France. No physical document of title will be issued in respect of French Law Securities and be made available in France.

The rating of certain series of Securities to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant series of Securities will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation") will be disclosed in the applicable Final Terms. Please also refer to "Credit Ratings may not Reflect all Risks" in the Risk Factors section of this Base Prospectus.

In relation to each separate issue of Securities, the final offer price and the amount of such Securities will be determined by the Issuer and the relevant manager in accordance with prevailing market conditions at the time of the issue of the Securities and will be set out in the relevant Final Terms.

No person is authorised to give any information or to make any representation not contained in or not consistent with this document or any other information supplied in connection with the Programme or the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by BNPP B.V., BNPP or any manager of an issue of Securities, including BNPP Securities Corp. (as applicable to such issue of Securities, each a "**Manager**"). This document does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of the Securities or the distribution of this document in any jurisdiction where any such action is required.

This document is to be read and construed in conjunction with any Final Terms and with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" below).

Warrants create options exercisable by the relevant holder or which will be automatically exercised as provided herein. There is no obligation on the relevant Issuer to pay any amount or deliver any asset to any holder of a Warrant unless the relevant holder duly exercises such Warrant or such Warrants are automatically exercised and, where applicable, an Exercise Notice is duly delivered. The Warrants will be exercisable in the manner set forth herein and in the applicable Final Terms. Warrants will be settled by payment of the Cash Settlement Amount (in the case of Cash Settled Warrants) and/or by delivery of the Entitlement (in the case of Physically Settled Warrants).

Notes and Certificates will be redeemed on each instalment date and/or the maturity date (in the case of Notes) or the redemption date (in the case of Certificates) by payment of one or more Instalment Amount or Final Redemption Amount (in the case of Notes), Cash Settlement Amount(s) (in the case of Cash Settled Certificates) and/or by delivery of the Entitlement (in the case of Physically Settled Certificates or Physically Settled Notes). The Securities of each issue may be sold by the relevant Issuer and/or any Manager at such time and at such prices as the Issuer and/or the Manager(s) may select. There is no obligation upon the relevant Issuer or any Manager to sell all of the Securities of any issue. The Securities of any issue may be offered or sold from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the relevant Issuer.

Subject to the restrictions set forth herein, each Issuer shall have complete discretion as to what type of Securities it issues and when.

No Manager has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by any Manager as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by BNPP B.V. and/or BNPP. The Manager(s) accept no liability in relation to the information contained in this Base Prospectus or any other information provided by BNPP B.V. and/or BNPP in connection with the Programme.

BNPP B.V. and BNPP have not investigated, and do not have access to information that would permit them to ascertain, whether any company that has issued equity, debt or other instruments to which any U.S. Securities relate is a passive foreign investment company for U.S. tax purposes. Prospective investors in any U.S. Securities that are U.S. taxpayers should consult their own advisers concerning U.S. tax considerations relevant to an investment in such U.S. Securities.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Securities should be considered as a recommendation by BNPP B.V., BNPP or any Manager that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Securities should purchase any Securities. Each investor contemplating purchasing any Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of BNPP B.V. and/or BNPP. Neither this

Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Securities constitutes an offer or an invitation by or on behalf of BNPP B.V. or BNPP or the Managers or any other person to subscribe for or to purchase any Securities.

This Base Prospectus may only be used for the purposes for which it has been published.

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of BNPP B.V., BNPP or any Manager to subscribe for or purchase any securities. The delivery of this Base Prospectus does not at any time imply that the information contained herein concerning BNPP B.V. or BNPP is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. No Manager undertakes to review the financial condition or affairs of BNPP B.V. or BNPP during the life of the Programme. Investors should review, *inter alia*, the most recently published audited annual non-consolidated financial statements and interim financial statements of BNPP B.V. and/or the most recently published audited annual consolidated financial statements, unaudited semi-annual interim consolidated financial statements and quarterly financial results of BNPP, when deciding whether or not to purchase any Securities.

The distribution of this Base Prospectus and the offering of Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by BNPP B.V., BNPP and each Manager to inform themselves about and to observe any such restrictions.

In this Base Prospectus references to U.S.\$ and U.S. dollars are to United States dollars, references to euro, € and EUR are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.



## FORWARD-LOOKING STATEMENTS

The documents incorporated by reference (the "**BNP Paribas Disclosure**"), contain forward-looking statements. BNPP, BNPP B.V. and the BNP Paribas Group (being BNPP together with its consolidated subsidiaries, the "**Group**") may also make forward-looking statements in their audited annual financial statements, in their interim financial statements, in their offering circulars, in press releases and other written materials and in oral statements made by their officers, directors or employees to third parties. Statements that are not historical facts, including statements about BNPP, BNPP B.V. and/or the Group's beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made, and BNPP, BNPP B.V. and the Group undertake no obligation to update publicly any of them in light of new information or future events.

## PRESENTATION OF FINANCIAL INFORMATION

Most of the financial data presented, or incorporated by reference, in this Base Prospectus are presented in euros.

The audited consolidated financial statements of BNPP for the years ended December 2014 and 31 December 2015 have been prepared in accordance with international financial reporting standards ("**IFRS**") as adopted by the European Union. IFRS differs in certain significant respects from generally accepted accounting principles in the United States ("**U.S. GAAP**"). The Group has made no attempt to quantify the impact of those differences. In making an investment decision, investors must rely upon their own examination of the Group, the terms of an offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between IFRS and U.S. GAAP, and how those differences might affect the information herein. The Group's fiscal year ends on 31 December and references in the BNPP 2014 Registration Document and the BNPP 2015 Registration Document and any update to the BNPP 2015 Registration Document (in each case, incorporated by reference herein and as defined in "*Documents Incorporated by Reference*" below) to any specific fiscal year are to the 12-month period ended 31 December of such year.

Due to rounding, the numbers presented throughout the BNP Paribas Disclosure and in the table under the heading "Capitalization of BNPP and the BNP Paribas Group" in the General Information section below may not add up precisely, and percentages may not reflect precisely absolute figures.

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## OVERVIEW

*This overview must be read as an introduction to this Base Prospectus. Any decision to invest in any Securities should be based on a consideration of this Base Prospectus as a whole, including any documents incorporated by reference.*

*Words and expressions defined in "Risk Factors", in the applicable Conditions and in the applicable Final Terms shall have the same meanings in this overview.*

### Issuers

BNP Paribas Arbitrage Issuance B.V. ("**BNPP B.V.**")

BNP Paribas ("**BNPP**" or the "**Bank**", and together with its consolidated subsidiaries, the "**Group**")

### Guarantor

BNP Paribas

### Description of BNPP B.V.

#### 1. Key information on BNPP B.V.:

BNPP B.V. is a private company with limited liability under Dutch law whose purpose and principal objectives are to issue and/or acquire financial instruments of any nature and to enter into related agreements for the account of various entities within the Group.

#### 2. Share capital as of 31 December 2015:

Its authorised share capital as of 31 December 2015 amounts to EUR 225,000 divided into 225,000 shares of EUR 1 each. Its fully paid-up and issued share capital as of 31 December 2015 amounts to EUR 45,379 divided into 45,379 shares of EUR 1 each.

#### 3. Selected key financial information:

##### Comparative Annual Financial Data – in EUR

|                                       | 31/12/2015<br>(audited) | 31/12/2014<br>(audited) |
|---------------------------------------|-------------------------|-------------------------|
| Revenues                              | 315,558                 | 432,263                 |
| Net income, Group share               | 19,786                  | 29,043                  |
| Total balance sheet                   | 43,042,575,328          | 64,804,833,465          |
| Shareholders' equity<br>(Group share) | 464,992                 | 445,206                 |

##### Comparative Interim Financial Data for the six-month period ended 30 June 2016 – in EUR

|                         | 30/06/2016<br>(unaudited) | 30/06/2015<br>(unaudited) |
|-------------------------|---------------------------|---------------------------|
| Revenues                | 183,330                   | 158,063                   |
| Net income, Group share | 12,506                    | 10,233                    |

|                                       | 30/06/2016     | 31/12/2015     |
|---------------------------------------|----------------|----------------|
| Total balance sheet                   | 49,514,864,240 | 43,042,575,328 |
| Shareholders' equity<br>(Group share) | 477,498        | 464,992        |

## Description of BNPP

### 1. Key information on BNPP:

BNPP is a European leading provider of banking and financial services and has four domestic retail banking markets in Europe, namely in Belgium, France, Italy and Luxembourg. It is present in 74 countries and has more than 189,000 employees, including close to 147,000 in Europe. BNPP is the parent company of the BNP Paribas Group (together the "**Group**").

### 2. Share capital as of 11 July 2016:

EUR 2,492,925,268 divided into 1,246,462,634 fully paid-up shares with a par of EUR 2 each.

### 3. Main activities and markets:

BNPP holds key positions in its two main businesses:

#### (i) Retail Banking and Services, which includes:

- Domestic Markets, comprising:
  - French Retail Banking (FRB),
  - BNL banca commerciale (BNL bc), Italian retail banking,
  - Belgian Retail Banking (BRB),
  - Other Domestic Markets activities, including Luxembourg Retail Banking (LRB);
- International Financial Services, comprising:
  - Europe-Mediterranean,
  - BancWest,
  - Personal Finance,
  - Insurance,
  - Wealth and Asset Management;

#### (ii) Corporate and Institutional Banking (CIB) which includes:

- Corporate Banking,
- Global Markets,
- Securities Services

#### 4. Selected key financial information:

##### Comparative Annual Financial Data – in millions of EUR

|                         | <b>31/12/2015</b><br><b>(audited)</b> | <b>31/12/2014*</b><br><b>(audited)</b> |
|-------------------------|---------------------------------------|--|
| Revenues                | 42,938                                | 39,168                                 |
| Cost of risk            | (3,797)                               | (3,705)                                |
| Net income, Group share | 6,694                                 | 157                                    |

|   | <b>31/12/2015</b> | <b>31/12/2014*</b> |
|---|-------------------|--------------------|
| Common equity Tier 1 ratio (Basel 3 fully loaded, CRD4) | 10.9%             | 10.3%              |

|   | <b>31/12/2015</b><br><b>(audited)</b> | <b>31/12/2014*</b><br><b>(audited)</b> |
|---|---------------------------------------|--|
| Total consolidated balance sheet                      | 1,994,193                             | 2,077,758                              |
| Consolidated loans and receivables due from customers | 682,497                               | 657,403                                |
| Consolidated items due to customers                   | 700,309                               | 641,549                                |
| Shareholders' equity (Group share)                    | 96,269                                | 89,458                                 |

*\* Restated according to IFRIC 21 interpretation.*

##### Comparative Interim Financial Data for the six-month period ended 30 June 2016 – In millions of EUR

|                         | <b>1H16</b><br><b>(unaudited)</b> | <b>1H15</b><br><b>(unaudited)</b> |
|-------------------------|-----------------------------------|-----------------------------------|
| Revenues                | 22,166                            | 22,144                            |
| Cost of risk            | (1,548)                           | (1,947)                           |
| Net income, Group share | 4,374                             | 4,203                             |

|   | <b>30/06/2016</b> | <b>31/12/2015</b> |
|---|-------------------|-------------------|
| Common equity Tier 1 ratio (Basel 3 fully loaded, CRD4) | 11.1%             | 10.9%             |

|   | <b>30/06/2016</b><br><b>(unaudited)</b> | <b>31/12/2015</b><br><b>(audited)</b> |
|---|---|---------------------------------------|
| Total consolidated balance sheet            | 2,171,989                               | 1,994,193                             |
| Consolidated loans and receivables due from | 693,304                                 | 682,497                               |

customers

|                                     |         |         |
|-------------------------------------|---------|---------|
| Consolidated items due to customers | 725,596 | 700,309 |
|-------------------------------------|---------|---------|

|                                    |        |        |
|------------------------------------|--------|--------|
| Shareholders' equity (Group share) | 97,509 | 96,269 |
|------------------------------------|--------|--------|

*Statements of no significant or material adverse change*

There has been no significant change in the financial or trading position of BNPP or the Group since 30 June 2016 (being the end of the last financial period for which interim financial statements have been published). There has been no material adverse change in the prospects of BNPP or the Group since 31 December 2015 (being the end of the last financial period for which audited financial statements have been published).

There has been no significant change in the financial or trading position of BNPP B.V. since 30 June 2016 (being the end of the last financial period for which interim financial statements have been published). There has been no material adverse change in the prospects of BNPP B.V. since 31 December 2015 (being the end of the last financial period for which audited financial statements have been published).

To the best of BNPP's knowledge, there have not been any recent events which are to a material extent relevant to the evaluation of BNPP's solvency since 30 June 2016.

**Description of the Programme**

Notes, Warrant and Certificate Programme

**Risk Factors (Issuers and Guarantor)**

There are certain factors that may affect each Issuer's ability to fulfil its obligations under the Securities issued under the Programme and (where applicable) the Guarantor's ability to fulfil obligations under the Guarantee.

**BNPP**

Eleven main categories of risk are inherent in BNPP's activities:

1. *Credit Risk* - Credit risk is the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The probability of default and the expected recovery on the loan or receivable in the event of default are key components of the credit quality assessment;
2. *Counterparty Credit Risk* - Counterparty credit risk is the credit risk embedded in payment or transactions between counterparties. Those transactions include bilateral contracts such as over-the-counter (OTC) derivatives contracts which potentially expose BNPP to the risk of counterparty default, as well as contracts settled through clearing houses. The amount of this risk may vary over time in line with changing market parameters which then impacts the replacement value of the relevant transactions or portfolio;
3. *Securitisation* - Securitisation means a transaction or scheme, whereby the credit risk associated with an exposure or pool of

exposures is tranching, having the following characteristics:

- (a) payments made in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures;
- (b) the subordination of tranches determines the distribution of losses during the life of the risk transfer.

Any commitment (including derivatives and liquidity lines) granted to a securitisation operation must be treated as a securitisation exposure. Most of these commitments are held in the prudential banking book;

4. *Market Risk* - Market risk is the risk of incurring a loss of value due to adverse trends in market prices or parameters, whether directly observable or not.

Observable market parameters include, but are not limited to, exchange rates, prices of securities and commodities (whether listed or obtained by reference to a similar asset), prices of derivatives, and other parameters that can be directly inferred from them, such as interest rates, credit spreads, volatilities and implied correlations or other similar parameters.

Non-observable factors are those based on working assumptions such as parameters contained in models or based on statistical or economic analyses, non-ascertainable in the market.

In fixed income trading books, credit instruments are valued on the basis of bond yields and credit spreads, which represent market parameters in the same way as interest rates or foreign exchange rates. The credit risk arising on the issuer of the debt instrument is therefore a component of market risk known as issuer risk.

Liquidity is an important component of market risk. In times of limited or no liquidity, instruments or goods may not be tradable or may not be tradable at their estimated value. This may arise, for example, due to low transaction volumes, legal restrictions or a strong imbalance between demand and supply for certain assets.

The market risk related to banking activities encompasses the risk of loss on equity holdings on the one hand, and the interest rate and foreign exchange risks stemming from banking intermediation activities on the other hand;

5. *Operational Risk* - Operational risk is the risk of incurring a loss due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Management of operational risk is based on an analysis of the "cause – event – effect" chain.

Internal processes giving rise to operational risk may involve employees and/or IT systems. External events include, but are not

limited to floods, fire, earthquakes and terrorist attacks. Credit or market events such as default or fluctuations in value do not fall within the scope of operational risk.

Operational risk encompasses fraud, human resources risks, legal risks, non-compliance risks, tax risks, information system risks, conduct risks (risks related to the provision of inappropriate financial services), risk related to failures in operating processes, including loan procedures or model risks, as well as any potential financial implications resulting from the management of reputation risks;

6. *Compliance and Reputation Risk* - Compliance risk is defined in French regulations as the risk of legal, administrative or disciplinary sanctions, of significant financial loss or reputational damage that a bank may suffer as a result of failure to comply with national or European laws and regulations, codes of conduct and standards of good practice applicable to banking and financial activities, or instructions given by an executive body, particularly in application of guidelines issued by a supervisory body.

By definition, this risk is a sub-category of operational risk. However, as certain implications of compliance risk involve more than a purely financial loss and may actually damage the institution's reputation, BNPP treats compliance risk separately.

Reputation risk is the risk of damaging the trust placed in a corporation by its customers, counterparties, suppliers, employees, shareholders, supervisors and any other stakeholder whose trust is an essential condition for the corporation to carry out its day-to-day operations.

Reputation risk is primarily contingent on all the other risks borne by BNPP;

7. *Concentration Risk* - Concentration risk and its corollary, diversification effects, are embedded within each risk, especially for credit, market and operational risks using the correlation parameters taken into account by the corresponding risk models.

It is assessed at consolidated Group level and at financial conglomerate level;

8. *Banking Book Interest Rate Risk* - Banking book interest rate risk is the risk of incurring losses as a result of mismatches in interest rates, maturities and nature between assets and liabilities. For banking activities, this risk arises in non-trading portfolios and primarily relates to global interest rate risk;

9. *Strategic and Business Risks* - Strategic risk is the risk that BNPP's share price may fall because of its strategic decisions.

Business risk is the risk of incurring an operating loss due to a



change in the economic environment leading to a decline in revenue coupled with insufficient cost-elasticity.

These two types of risk are monitored by the Board of directors;

10. *Liquidity Risk* - In accordance with regulations, the liquidity risk is defined as the risk that a bank will be unable to honour its commitments or unwind or settle a position due to the situation on the market or idiosyncratic factors, within a given time frame and at a reasonable price or cost; and
11. Insurance Underwriting Risk - Insurance underwriting risk corresponds to the risk of a financial loss caused by an adverse trend in insurance claims. Depending on the type of insurance business (life, personal risk or annuities), this risk may be statistical, macroeconomic or behavioural, or may be related to public health issues or natural disasters. It is not the main risk factor arising in the life insurance business, where financial risks are predominant.
  - a. Difficult market and economic conditions have had and may continue to have a material adverse effect on the operating environment for financial institutions and hence on BNPP's financial condition, results of operations and cost of risk.
  - b. Due to the geographic scope of its activities, BNPP may be vulnerable to country or regional-specific political, macroeconomic and financial environments or circumstances.
  - c. BNPP's access to and cost of funding could be adversely affected by a resurgence of financial crises, worsening economic conditions, further rating downgrades or other factors.
  - d. Significant interest rate changes could adversely affect BNPP's revenues or profitability.
  - e. The prolonged low interest rate environment carries inherent systemic risks.
  - f. The soundness and conduct of other financial institutions and market participants could adversely affect BNPP.
  - g. BNPP may incur significant losses on its trading and investment activities due to market fluctuations and volatility.
  - h. BNPP may generate lower revenues from brokerage and other commission and fee-based businesses during market downturns.
  - i. Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and possibly leading to material losses.
  - j. Laws and regulations adopted in response to the global financial crisis may materially impact BNPP and the financial and economic environment in which it operates.

- k. BNPP is subject to extensive and evolving regulatory regimes in the jurisdictions in which it operates.
- l. BNPP may incur substantial fines and other administrative and criminal penalties for non-compliance with applicable laws and regulations.
- m. There are risks related to the implementation of BNPP's strategic plan.
- n. BNPP may experience difficulties integrating acquired companies and may be unable to realise the benefits expected from its acquisitions.
- o. Intense competition by banking and non-banking operators could adversely affect BNPP's revenues and profitability.
- p. A substantial increase in new provisions or a shortfall in the level of previously recorded provisions could adversely affect BNPP's results of operations and financial condition.
- q. Notwithstanding BNPP's risk management policies, procedures and methods, it could still be exposed to unidentified or unanticipated risks, which could lead to material losses.
- r. BNPP's hedging strategies may not prevent losses.
- s. Adjustments to the carrying value of BNPP's securities and derivatives portfolios and BNPP's own debt could have an impact on its net income and shareholders' equity.
- t. The expected changes in accounting principles relating to financial instruments may have an impact on BNPP's balance sheet and regulatory capital ratios and result in additional costs.
- u. BNPP's competitive position could be harmed if its reputation is damaged.
- v. An interruption in or a breach of BNPP's information systems may result in material losses of client or customer information, damage to BNPP's reputation and lead to financial losses.
- w. Unforeseen external events may disrupt BNPP's operations and cause substantial losses and additional costs.

#### **BNPP B.V.**

The main risks described above in relation to BNPP also represent the main risks for BNPP B.V., either as an individual entity or a company in the Group.

### *Dependency Risk*

BNPP B.V. is an operating company. The assets of BNPP B.V. consist of the obligations of other Group entities. The ability of BNPP B.V. to meet its own obligations will depend on the ability of other Group entities to fulfil their obligations. In respect of securities it issues, the ability of BNPP B.V. to meet its obligations under such securities depends on the receipt by it of payments under certain hedging agreements that it enters with other Group entities. Consequently, Holders of BNPP B.V. securities will, subject to the provisions of the Guarantee issued by BNPP, be exposed to the ability of Group entities to perform their obligations under such hedging agreements.

### *Market Risk*

BNPP B.V. takes on exposure to market risks arising from positions in interest rates, currency exchange rates, commodities and equity products, all of which are exposed to general and specific market movements. However, these risks are hedged by option and swap agreements and therefore these risks are mitigated in principle.

### *Credit Risk*

BNPP B.V. has significant concentration of credit risks as all OTC contracts are acquired from its parent company and other Group entities. Taking into consideration the objective and activities of BNPP B.V. and the fact that its parent company is under supervision of the European Central Bank and the *Autorité de Contrôle Prudentiel et de Résolution* management considers these risks as acceptable. The long term senior debt of BNPP is rated (A) by Standard & Poor's and (A1) by Moody's.

### *Liquidity Risk*

BNPP B.V. has significant liquidity risk exposure. To mitigate this exposure, BNPP B.V. entered into netting agreements with its parent company and other Group entities.

## **Risk Factors (Securities)**

There are certain factors which are material for the purposes of assessing the market risks associated with Securities issued under the Programme. These are set out under "Risk Factors" below and include exposure to one or more index, share, global depositary receipt ("**GDR**"), American depositary receipt ("**ADR**"), interest in an exchange traded fund, an exchange traded note, an exchange traded commodity or other exchange traded product (each an "**exchange traded instrument**"), debt instrument, commodity and/or commodity index, inflation index, currency, fund share or unit, futures contract and/or the credit of one or more reference entities (each an "**Underlying Reference**"), leverage, interest, factors affecting the value and trading price of Securities, certain considerations regarding hedging, specific risks in relation to Index Securities, Share Securities, Commodity Index Securities, ETI Securities, Debt Securities, Commodity Securities, Inflation Index Securities, Currency Securities, Fund Securities, Futures Securities, Credit Securities and Hybrid Securities (each as defined below), specific risks

in relation to Securities denominated in Renminbi, specific risks in relation to Securities linked to an Underlying Reference from an emerging or developing market, specific risks in relation to Dynamic Securities, limitations on the minimum trading size of Securities, limitations on the exercise of and time lag after exercise of Warrants, option to vary settlement, absence of pre-determined maturity for Open End Certificates and OET Certificates, market disruption or failure to open of an exchange, settlement disruption, additional disruption events, potential adjustment events or extraordinary events affecting shares, interests in exchange traded instruments or fund shares, extraordinary fund events, expenses and taxation, illegality, meetings of holders, post-issuance information, change of law, effect of credit rating reduction, potential conflicts of interest and possible illiquidity of Securities in the secondary market.

In certain circumstances Holders may lose the entire value of their investment.

## **Securities**

Securities may be issued as index Securities ("**Index Securities**"), share, GDR or ADR Securities ("**Share Securities**"), exchange traded instrument Securities ("**ETI Securities**"), debt Securities ("**Debt Securities**"), commodity Securities ("**Commodity Securities**"), inflation index Securities ("**Inflation Index Securities**"), currency Securities ("**Currency Securities**"), fund Securities ("**Fund Securities**"), futures contracts Securities ("**Futures Securities**"), credit Securities ("**Credit Securities**") or open end turbo Certificates ("**OET Certificates**") which will be redeemed on a date determined by the Issuer, in its sole and absolute discretion, subject as provided herein or any other or further type of notes, warrants or certificates including as hybrid Securities ("**Hybrid Securities**") whereby the Underlying Reference may be any combination of such indices, shares, GDRs, ADRs, interests in exchange traded instruments, debt instruments, currencies, commodities, inflation indices, currency, fund shares or units, futures contracts, the credit of specified reference entities or other asset classes or types.

## **Settlement**

Securities may be cash or physically settled.

In certain circumstances the Issuer or the Holder or (if applicable) the Guarantor may vary settlement in respect of the Securities.

## **Index Securities**

Payments in respect of Index Securities will be calculated by reference to one or more indices as set out in the applicable Final Terms. Index Securities may be linked to an index or indices comprising, *inter alia*, reference equities, bonds, property and/or other assets or bases of reference (including one or more custom indices established, calculated and/or sponsored by BNPP and/or its affiliates).

Index Securities may be subject to cancellation or early redemption or adjustment if an Index is modified or cancelled and there is no successor index acceptable to the Calculation Agent, if the Index's sponsor fails to calculate and announce the Index, or certain events (such as illegality, disruptions or cost increases) occur with respect to the Issuer's or any of its

Affiliates' hedging arrangements.

If certain disruption events occur with respect to valuation of an Index such valuation will be postponed and may be made by the Calculation Agent. Payments may also be postponed.

#### **Share Securities**

Payments in respect of Share Securities will be calculated by reference to one or more shares, ADRs and/or GDRs (together referred to herein as "**Shares**" and each a "**Share**") as set out in the applicable Final Terms. Share Securities may also provide for settlement by physical delivery of the Entitlement.

Share Securities may be subject to cancellation or early redemption or adjustment (including as to valuation and in certain circumstances share substitutions) if certain corporate events (such as events affecting the value of a Share (including Share, or in the case of GDRs and ADRs, Underlying Share, divisions or consolidations, extraordinary dividends, redenomination of a Share and capital calls); de-listing of a Share or Underlying Share; insolvency, merger or nationalisation of a Share or Underlying Share issuer; a tender offer or redenomination of a Share or Underlying Share occur, if certain events (such as illegality, disruptions or cost increases) occur with respect to the Issuer's or any of its affiliates' hedging arrangements, or if insolvency filings are made with respect to a Share or Underlying Share issuer.

#### **ETI Securities**

Payments in respect of ETI Securities will be calculated by reference to interests in one or more exchange traded instruments as set out in the applicable Final Terms. ETI Securities may also provide for settlement by physical delivery of the Entitlement.

#### **Debt Securities**

Payments in respect of Debt Securities will be calculated by reference to one or more debt instruments, debt futures or debt option contracts, as set out in the applicable Final Terms. Debt Securities may also provide for settlement by physical delivery of the Entitlement.

#### **Commodity Securities**

Payments in respect of Commodity Securities will be calculated by reference to one or more commodities and/or commodity indices as set out in the applicable Final Terms.

Commodity Securities may be subject to adjustment (including as to valuations) if certain events occur with respect to a Commodity, Commodity Index or Index Component (such as a trading disruption, the disappearance of, or disruption in publication of, a reference price; and in certain circumstances a change in the formula for calculating a reference price; or a change in the content of a Commodity, an index component disruption event or an index disruption event in respect of a Commodity Index.

Commodity Securities may be subject to cancellation or early redemption or adjustment if a Commodity Index is modified or cancelled and there is no successor index acceptable to the Calculation Agent, if the Commodity Index's sponsor fails to calculate and announce the Commodity Index, or certain events (such as illegality or disruptions) occur with respect to the

Issuer's or any of its affiliates' hedging arrangements.

**Inflation Index Securities**

Payments in respect of Inflation Index Securities will be calculated by reference to one or more inflation indices as set out in the applicable Final Terms.

**Currency Securities**

Payments in respect of Currency Securities will be calculated by reference to one or more foreign exchange rates as set out in the applicable Final Terms.

**Fund Securities**

Payments in respect of Fund Securities will be calculated by reference to units, interests or shares in a single fund or basket of funds on such terms as set out in the applicable Final Terms. Fund Securities may also provide for settlement by physical delivery of the Entitlement.

Fund Securities may be subject to cancellation or early redemption or adjustment (including as to valuation and fund substitutions) if certain corporate events (such as insolvency (or analogous event) occurring with respect to a fund; litigation against, or regulatory events occurring with respect to a fund; suspensions of fund subscriptions or redemptions; certain changes in net asset value of a Fund; or modifications to the investment objectives or changes in the nature or administration of a Fund) occur, if certain valuation or settlement disruption events occur with respect to a fund, or if certain events (such as illegality, disruptions or cost increases) occur with respect to the Issuer's or any Affiliate's hedging arrangements.

**Futures Securities**

Payments in respect of Futures Securities will be calculated by reference to one or more futures contract as set out in the applicable Final Terms.

**Credit Securities**

Securities with respect to which payments are linked to the credit of a specified reference entity or reference entities will be issued on such terms as are specified in the applicable Final Terms.

If an Event Determination Date occurs in respect of any specified reference entity, each Credit Security (or the relevant portion thereof) will be redeemed at its *pro rata* share of the Auction Settlement Amount, subject to fallback settlement or the Credit Event Cash Settlement Amount or by physical settlement, as applicable, or the outstanding principal or notional amount of each Credit Security will be reduced by a *pro rata* share of the related writedown amount of such affected reference entity. If no Event Determination Date occurs in respect of any specified reference entity, each Credit Security will be redeemed at the outstanding principal amount per Credit Note or outstanding notional amount per Credit Certificate or, as the case may be, each Credit Warrant will become void without payment.

Certain Credit Securities may be linked to the credit of a financial institution with which a deposit is made by an affiliate of the Issuer. If an Event Determination Date occurs in respect of such financial institution, each Credit Security will be redeemed at its Credit Event Settlement Amount.

**OET Certificates**

OET Certificates will be redeemed on a date determined by the Issuer, in its sole and absolute discretion, subject as provided in the "Terms and

*Conditions of the W&C Securities*" and the applicable Final Terms.

Payment in respect of OET Certificates will be calculated by reference to a share, interest in an exchange traded instrument, index, currency, futures contract, commodity or debt instrument, as set out in the applicable Final Terms.

OET Certificates may be subject to early redemption or adjustment if certain events (such as events affecting the relevant shares, interest in an exchange traded instrument, index, currency, futures contract or commodity) occur with respect to the underlying asset.

**Hybrid Securities**

Payments in respect of Hybrid Securities will be calculated by reference to a number of different Underlying References as set out in the applicable Final Terms.

**Notes**

Notes will be redeemed on the Maturity Date, subject as provided in the *"Terms and Conditions of the Notes"* as amended and/or supplemented by the applicable Final Terms.

**Warrants**

Warrants may be American Style Warrants or European Style Warrants. American Style Warrants are exercisable in the manner set out in the Terms and Conditions of the Securities on any Exercise Business Day during the Exercise Period. European Style Warrants are exercisable in the manner set out in the *"Terms and Conditions of the Notes"* and *"Terms and Conditions of the W&C Securities"* on the Exercise Date. Cash Settled Warrants may be automatically exercised.

**Certificates**

Certificates will be redeemed on the Redemption Date, subject as provided in the *"Terms and Conditions of the W&C Securities"* as amended and/or supplemented by the applicable Final Terms. Exercisable Certificates will be automatically exercised on the Exercise Date.

**Interest**

Notes and Certificates may pay interest on the basis of a fixed or floating rate of interest or by reference to the performance of one or more Underlying Reference.

**Physical Settlement**

In order to receive the Entitlement, a Holder must, in the case of all Securities, pay all Taxes and Expenses and, in the case of Warrants, the relevant Exercise Price.

If certain events or circumstances occur on settlement, the date of settlement may be postponed and in certain circumstances the Issuer will be entitled to pay a cash amount in lieu of physical delivery.

**Status of the Securities**

Securities are unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves.

**Guarantee**

Where the Issuer is BNPP B.V., the relevant Guarantee is an unsubordinated and unsecured obligation of BNPP and will rank *pari passu* with all its other present and future unsubordinated and unsecured obligations subject to such exceptions as may from time to time be mandatory under French law. In the event of a bail-in of BNPP but not BNPP B.V., the obligations and/or

amounts owed by BNPP under the Guarantee shall be reduced to reflect any such modification or reduction applied to liabilities of BNPP following the application of a bail-in of BNPP by any relevant regulator (including in a situation where the Guarantee itself is not the subject of such bail-in).

#### **Taxes and Expenses**

Holders of Securities must pay all specified taxes and expenses relating to the Securities.

The Issuer shall deduct from amounts payable or from assets deliverable to Holders all Related Expenses not previously deducted from amounts paid or Assets delivered to Holders.

Investors should carefully review the "*Taxation*" section.

#### **Rating**

The rating of certain series of Securities to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant series of Securities will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) will be disclosed in the applicable Final Terms. Please also refer to "*Credit Ratings may not Reflect all Risks*" in the Risk Factors section below.

#### **Listing and admission to trading**

Securities of a particular Series may be listed on SIX Swiss Exchange and admitted to trading on SIX Structured Products Exchange Ltd. or SIX Swiss Exchange and references to listing shall be construed accordingly. The applicable Final Terms will, if relevant, include information on the relevant market segment of the stock exchange on which the Securities are to be listed.

#### **Selling Restrictions**

There are restrictions on the offer and sale of Securities and the distribution of offering material — see "*Offering and Sale*" below.

#### **Governing Law**

The Securities, any related Guarantee and (in the case of English Law Securities only) any non-contractual obligations arising out of or in connection therewith will be governed by English or French Law, as specified in the applicable Final Terms.



## RISK FACTORS

*Prospective purchasers of the Securities offered hereby should consider carefully, among other things and in light of their financial circumstances and investment objectives, all of the information in this Base Prospectus and, in particular, the risk factors set forth below (which each Issuer, in its reasonable opinion, believes represents or may represent the risk factors known to it which may affect such Issuer's ability to fulfil its obligations under the Securities) in making an investment decision. Investors may lose the value of their entire investment in certain circumstances.*

Terms used in this section and not otherwise defined have the meanings given to them in the relevant Conditions.

### **Risks Relating to BNPP and its Industry**

See Chapter 5 ("Risks and Capital Adequacy", except pages 249-269) of the BNPP 2015 Registration Document (as defined below), which is incorporated by reference in this document.

### **Risks related to the macroeconomic and market environment**

*Difficult market and economic conditions have had and may continue to have a material adverse effect on the operating environment for financial institutions and hence on BNPP's financial condition, results of operations and cost of risk*

BNPP's businesses are highly sensitive to changes in financial markets and economic conditions globally and especially in Europe. In recent years, BNPP has been, and may again in the future be, confronted with a significant deterioration of market and economic conditions resulting, among other things, from crises affecting sovereign debt, the capital markets, credit or liquidity, regional or global recessions, sharp fluctuations in commodity prices, currency exchange rates or interest rates, volatility in prices of financial derivatives, inflation or deflation, restructurings or defaults, corporate or sovereign debt rating downgrades or adverse political and geopolitical events (such as natural disasters, pandemics, societal unrest, geopolitical tensions, acts of terrorism and military conflicts). Such disruptions, which may develop quickly and hence not be fully hedged, could affect the operating environment for financial institutions for short or extended periods and have a material adverse effect on BNPP's financial condition, results of operations or cost of risk. In 2016, the macroeconomic environment could be subject to various specific risks, including geopolitical tensions, financial market volatility, slowdowns in China and emerging markets, weak growth in the Euro-zone, decreasing prices of commodities and the gradual unwinding of exceptionally accommodating monetary policies in the United States. Measures taken or that may be taken by central banks to stimulate growth and prevent deflation, including the "quantitative easing" measures announced by the European Central Bank (the "ECB") in January and December 2015, may prove to be insufficient or could have negative effects on the banking industry possibly bringing margin pressure but not necessarily lending volume growth.

Moreover, a resurgence of a sovereign debt crisis cannot be ruled out. In particular, European markets have experienced significant disruptions in recent years as a result of concerns regarding the ability of certain countries or institutions in the Euro-zone to refinance their debt obligations. At several points in recent years these disruptions caused tightened credit markets, increased volatility in the exchange rate of the euro against other major currencies, affected the levels of stock market indices and created uncertainty regarding the economic prospects of certain countries in the European Union as well as the quality of bank loans to sovereign debtors in the European Union. BNPP holds and in the future may hold substantial portfolios of sovereign debt and has and may in the future have substantial amounts of loans outstanding to sovereign borrowers; a new sovereign debt crisis could cause it to incur impairment charges or losses on sales. BNPP also participates in the interbank financial market and as a result, is indirectly exposed to risks relating to financial institutions with which it does business. More generally, the sovereign debt crisis had, and could again in the future have, an indirect impact on financial markets and, increasingly, economies, in Europe and worldwide, and more generally on the environment in which BNPP operates.

If economic conditions generally or in Europe in particular were to deteriorate due among other things to concerns over the European economy (in turn triggered by the heightened risk of or even the occurrence of a sovereign default, the failure of

a significant financial institution or the exit of a country from the Euro-zone), a continued decline in oil and commodity prices, a continued or increased slowdown of economic growth in emerging countries and China in particular, terrorist attacks or political instability, the resulting market disruptions could have a significant adverse impact on the credit quality of BNPP's customers and financial institution counterparties, on market parameters such as interest rates, foreign exchange rates and stock market indices, and on BNPP's results of operations, liquidity, ability to raise financing on acceptable terms and financial condition.

*Due to the geographic scope of its activities, BNPP may be vulnerable to country or regional-specific political, macroeconomic and financial environments or circumstances*

BNPP is exposed to country risk, meaning the risk that economic, financial, political or social conditions of a foreign country, especially a country in which it operates, will affect its financial interests. BNPP monitors country risk and takes it into account in the fair value adjustments and cost of risk recorded in its financial statements. However, a significant change in political or macroeconomic environments may require it to record additional charges or to incur losses beyond the amounts previously written down in its financial statements. Moreover, factors specific to a particular country or region in which BNPP operates could create difficult operating conditions, leading to operating losses or asset impairments.

*BNPP's access to and cost of funding could be adversely affected by a resurgence of financial crises, worsening economic conditions, rating downgrades, increases in credit spreads or other factors*

The financial crisis, the Euro-zone sovereign debt crisis as well as the general macroeconomic environment have at times adversely affected the availability and cost of funding for European banks during the past few years. This was due to several factors, including a sharp increase in the perception of bank credit risk due to their exposure to sovereign debt in particular, credit rating downgrades of sovereigns and of banks, and debt market speculation. Many European banks, including BNPP, at various points experienced restricted access to wholesale debt markets and to the interbank market, as well as a general increase in their cost of funding. Accordingly, reliance on direct borrowing from the ECB at times increased substantially. If such adverse credit market conditions were to reappear in the event of prolonged stagnation of growth, deflation, resurgence of the financial crisis, the sovereign debt crisis or new forms of financial crises, factors relating to the financial industry in general or to BNPP in particular, the effect on the liquidity of the European financial sector in general and BNPP in particular could be materially adverse and have a negative impact on BNPP's results of operations and financial condition.

BNPP's cost of funding may also be influenced by the credit rating of France or the credit rating of BNPP's long-term debt, both of which have been subject to downgrades in recent years. Further downgrades in BNPP's or France's credit ratings may increase BNPP's borrowing cost.

BNPP's cost of obtaining long-term unsecured funding from market investors is also directly related to its credit spreads, which in turn depend to a certain extent on its credit ratings. Increases in credit spreads can significantly increase BNPP's cost of funding. Changes in credit spreads are continuous, market-driven, and subject at times to unpredictable and highly volatile movements. Credit spreads are also influenced by market perceptions of creditworthiness of BNPP.

*Significant interest rate changes could adversely affect BNPP's revenues or profitability*

The amount of net interest income earned by BNPP during any given period significantly affects its overall revenues and profitability for that period. Interest rates are affected by many factors beyond BNPP's control, such as the level of inflation and the monetary policies of states, and government decisions relating to regulated savings rates (for example in France the Savings Account A ("Livret A") or Housing Savings Plan ("Plan d'Épargne Logement")). Changes in market interest rates could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest-bearing liabilities. Any adverse change in the yield curve could cause a decline in BNPP's net interest income from its lending activities. In addition, maturity mismatches and interest rates rises relating to BNPP's short-term financing may adversely affect BNPP's profitability.

*The prolonged low interest rate environment carries inherent systemic risks*

The prolonged period of low interest rates since the 2008/2009 financial crisis may have contributed to, and may continue to contribute to, excessive risk-taking by financial market participants such as lengthening maturities of financings and assets held, more lenient lending standards and increased leveraged lending. Certain of the market participants that may have taken or may take additional or excessive risk are of systemic importance, and any unwinding of their positions during periods of market turbulence or stress (and hence reduced liquidity) could have a destabilizing effect on markets and could lead BNPP to record operating losses or asset impairments.

*The soundness and conduct of other financial institutions and market participants could adversely affect BNPP*

BNPP's ability to engage in financing, investment and derivative transactions could be adversely affected by the soundness of other financial institutions or market participants. Financial institutions are interrelated as a result of trading, clearing, counterparty, funding or other relationships. As a result, defaults, or even rumours or questions about, one or more financial services institutions, or the financial services industry generally, may lead to market-wide liquidity problems and could lead to further losses or defaults. BNPP has exposure to many counterparties in the financial industry, directly and indirectly, including clearing houses, brokers and dealers, commercial banks, investment banks, mutual and alternative investment funds, and other institutional clients with which it regularly executes transactions. BNPP can also be exposed to the risks related to the increasing involvement in the financial sector of players subject to little or no regulations (unregulated funds, trading venues or crowdfunding platforms). BNPP is exposed to credit and counterparty risk in the event of default or financial distress of BNPP's counterparties or clients. This risk could be exacerbated if the collateral held by BNPP cannot be realised upon or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to BNPP or in case of a failure of a significant financial market participant such as a central counterparty. It is worth noting in this respect that regulatory changes requiring mandatory clearing of standardized over-the-counter (OTC) derivatives through central counterparties have resulted in an increase of the exposure of financial market participants to such central counterparties.

In addition, fraud or misconduct by financial market participants can have a material adverse effect on financial institutions due in particular to the interrelated nature of the financial markets. An example is the fraud perpetrated by Bernard Madoff that came to light in 2008, as a result of which numerous financial institutions globally, including BNPP, announced losses or exposure to losses in substantial amounts. Potentially significant additional potential exposure is also possible in the form of litigation and claims in the context of the bankruptcy proceedings of Bernard L. Madoff Investment Services (BLMIS) (a number of which are pending against BNPP), and other potential claims relating to counterparty or client investments made, directly or indirectly, in BLMIS or other entities controlled by Bernard Madoff, or to the receipt of investment proceeds from BLMIS.

There can be no assurance that any losses resulting from the risks summarised above will not materially and adversely affect BNPP's results of operations.

*BNPP may incur significant losses on its trading and investment activities due to market fluctuations and volatility*

BNPP maintains trading and investment positions in the debt, currency, commodity and equity markets and in unlisted securities, real estate and other asset classes, including through derivative contracts. These positions could be adversely affected by extreme volatility in these markets, i.e., the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. Moreover, volatility trends that prove substantially different from BNPP's expectations may lead to losses relating to a broad range of other products that BNPP uses, including swaps, forward and future contracts, options and structured products.

To the extent that BNPP owns assets, or has net long positions, in any of those markets, a market downturn could result in losses from a decline in the value of its positions. Conversely, to the extent that BNPP has sold assets that it does not own, or has net short positions in any of those markets, a market upturn could, in spite of the existing limitation of risks and control systems, expose it to potentially substantial losses as it attempts to cover its net short positions by acquiring assets

in a rising market. BNPP may from time to time hold a long position in one asset and a short position in another, in order to hedge transactions with clients and/or from which it expects to gain based on changes in the relative value of the two assets. If, however, the relative value of the two assets changes in a direction or manner that BNPP did not anticipate or against which it is not hedged, BNPP might realise a loss on those paired positions. Such losses, if significant, could adversely affect BNPP's results and financial condition.

*BNPP may generate lower revenues from brokerage and other commission and fee-based businesses during market downturns*

Financial and economic conditions affect the number and size of transactions for which BNPP provides securities underwriting, financial advisory and other investment banking services. BNPP's revenues, which include fees from these services, are directly related to the number and size of the transactions in which it participates and can thus be significantly affected by economic or financial changes that are unfavourable to its Investment Banking business and clients. In addition, because the fees that BNPP charges for managing its clients' portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of its clients' portfolios or increases the amount of withdrawals would reduce the revenues BNPP receives from its asset management, equity derivatives and private banking businesses. Independently of market changes, below-market performance by BNPP's mutual funds may result in increased withdrawals and reduced inflows, which would reduce the revenues BNPP receives from its asset management business. BNPP experienced some or all of these effects during the sharp market downturns of recent years and could experience them again in future market downturns, which may occur periodically and unexpectedly.

*Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and possibly leading to material losses*

In some of BNPP's businesses, protracted market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if BNPP cannot close out deteriorating positions in a timely way. This is particularly true for assets that are intrinsically illiquid. Assets that are not traded on stock exchanges or other public trading markets, such as certain derivative contracts between financial institutions, may have values that BNPP calculates using models rather than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to significant losses that BNPP did not anticipate.

## **Regulatory Risks**

*Laws and regulations adopted in response to the global financial crisis may materially impact BNPP and the financial and economic environment in which it operates*

In the past few years, laws and regulations have been enacted, adopted or recently proposed, in particular in France, Europe and the United States, in particular, with a view to introducing a number of changes, some permanent, in the financial environment. The impact of the new measures has changed substantially the environment in which BNPP and other financial institutions operate. The new measures that have been or may be proposed and adopted include more stringent capital and liquidity requirements (particularly for large global banking groups such as BNPP), taxes on financial transactions, restrictions and increased taxes on employee compensation over specified levels, restrictions on certain types of activities considered as speculative undertaken by commercial banks that will be prohibited or need to be ring-fenced in subsidiaries (particularly proprietary trading), restrictions or prohibitions on certain types of financial products or activities, enhanced recovery and resolution regimes, revised risk-weighting methodologies, increased internal control and reporting requirements with respect to certain activities, more stringent governance and conduct of business rules, more extensive market abuse regulations, measures to improve the transparency and efficiency of financial markets and in particular to regulate high frequency trading, increased regulation of certain types of financial products including mandatory reporting of derivative and securities financing transactions, requirements either to mandatorily clear, or otherwise mitigate risks in relation to, over-the-counter derivative transactions (including through posting of collateral in respect of non-centrally cleared derivatives), and the creation of new and strengthened regulatory bodies. Many of these measures have been adopted and are already applicable to BNPP. The principal such measures are summarized below.

In 2013 and 2014, France made significant changes to its legal and regulatory framework applicable to banking institutions. The French banking law of 26 July 2013 on the separation and regulation of banking activities and the related implementing decrees and orders specified the required separation between financing operations activities and so-called "speculative" operations that must henceforth (as from 1 July 2015) be conducted by ring-fenced subsidiaries subject to specific capital and liquidity requirements on a stand-alone basis. This banking law also introduced a mechanism for preventing and resolving banking crises, which is supervised by the French banking regulator ("*Autorité de Contrôle Prudentiel et de Résolution*", "**ACPR**") with expanded powers. In the event of a failure, the law provides for mechanisms such as the power to require banks to adopt structural changes, issue new securities, cancel outstanding equity or subordinated debt securities and convert subordinated debt into equity, and to require the intervention of the French Deposit Guarantee and Resolution Fund ("*Fonds de Garantie des Dépôts et de Résolution*"). The Ordinance of 20 February 2014 provided in particular for the strengthening of the governance rules within banking institutions, a reinforced and harmonised at the EU level sanctions regime, an extended scope of prudential surveillance with in particular additional prudential requirements, a harmonisation of the rules relating to the approval of credit institutions within the European Union, and an update of the rules relating to the consolidated surveillance and the exchange of information.

At the European level, many of the provisions of the EU Directive and Regulation on prudential requirements "CRD 4/CRR" dated 26 June 2013, implementing the Basel III capital requirements, took effect as of 1 January 2014 and many delegated and implementing acts provided for in the Directive and Regulation CRD 4/CRR were adopted in 2014. The prudential ratio requirements and the designation of BNPP as a systemically important financial institution increased BNPP's prudential requirements and may limit its ability to extend credit or to hold certain assets, particularly those with longer maturities. In 2011-2012, BNPP implemented an adaptation plan in anticipation of these requirements, including reducing its balance sheet and bolstering its capital. In addition, the Financial Stability Board published on 9 November 2015 the final principles and term sheet regarding TLAC (or "**total loss absorbing capacity**"), which will require "Global Systemically Important Banks" (including BNPP) to maintain a significant amount of liabilities and instruments readily available for bail-in, in addition to the Basel III capital requirements, in order to enable authorities to implement an orderly resolution that minimises impacts on financial stability, maintains the continuity of critical functions, and avoids exposing public funds to loss. Given the timing and manner of their adoption, the full impact of TLAC requirements on BNPP cannot be accurately predicted and could cause its financing costs to increase.

Regarding the European "Banking Union", the European Union adopted, in October 2013, a Single Supervisory Mechanism ("**SSM**") under the supervision of the ECB; as a consequence, since November 2014, BNPP, along with all institutions qualified as important in the Euro-zone, are now under the direct supervision of the ECB, with respect to prudential regulation matters entrusted to the ECB by Council Regulation dated 15 October 2013. Within the SSM, the ECB is, in particular, tasked with carrying out an annual supervisory review and evaluation process ("**SREP**") and stress tests, in connection with which it has powers to require banks to hold capital requirements in excess of minimum capital requirements in order to address specific risks (so-called "Pillar 2" requirements), and more generally to impose additional liquidity requirements and possibly other regulatory measures. Such measures could have an adverse impact on BNPP's results of operations and financial condition.

In addition to the SSM, the EU Bank Recovery and Resolution Directive of 15 May 2014 ("**BRRD**"), implemented in France by the Ordinance of 20 August 2015 strengthens the tools to prevent and resolve banking crises, in particular, in order to ensure that any losses are borne in priority by banks' creditors and shareholders and to minimize taxpayers' exposure to losses and provides for the implementation of resolution funds at the national levels. Under the BRRD and the Ordinance of 20 August 2015, the ACPR or the Single Resolution Board (the "**SRB**"), which was established by Regulation of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism ("**SRM**") and a Single Resolution Fund ("**SRF**"), may commence resolution proceedings in respect of a banking institution, such as BNPP, with a view to ensure the continuity of critical functions, to avoid the risks of contagion and to recapitalize or restore the viability of the institution. Resolution tools are to be implemented so that, subject to certain exceptions, losses are borne first by shareholders, then by holders of capital instruments (such as subordinated bonds) qualifying as additional tier 1 and tier 2 instruments, and finally by creditors in accordance with the order of their

claims in normal insolvency proceedings. Certain powers, including the power to write-down capital instruments (including subordinated bonds), can also be exercised as a precautionary measure, outside of resolution proceedings. The implementation of these tools and powers may result in significant structural changes to the relevant financial institutions (including as a result of asset or business sales or the creation of bridge institutions) and in a partial or total write-down of claims of their shareholders and creditors (including subordinated and senior creditors).

Pursuant to the SRM, on 19 December 2014, the Council adopted the proposal for a Council implementing act to calculate the contributions of banks to the SRF, which replaces national resolution funds as from 1 January 2016 and provides for annual contributions to the SRF to be made by banks calculated on the basis of their liabilities, excluding own funds and covered deposits and adjusted for risks. Moreover, the Regulation of the European Commission dated 21 October 2014, adopted pursuant to the BRRD provides for an obligation for banks to have adequate financial resources to ensure the effective application of the resolution tools and powers by the relevant resolution authority. In this context, the resolution authorities, such as the ACPR or the SRB, shall determine the annual contributions to be paid to resolution financing arrangements by each banking institution in proportion to its risk profile. As a consequence, contributions to the SRF and to resolution financing arrangements will be significant for BNPP, will result in an increase in fees and will, as a consequence, weigh on BNPP's results of operations.

Moreover, the Directive of 16 April 2014 on deposit guarantee schemes, transposed into French law by the Ordinance of 20 August 2015 created national deposit guarantee schemes. Other proposals for legislative and regulatory reforms could also have an impact if they were enacted into law. Thus, a draft European Parliament Regulation dated 24 November 2015 completed such Directive of 16 April 2014 through a step plan to create a European deposit insurance scheme that will progressively cover all or part of participating national deposit guarantee schemes.

Furthermore, a proposal for a Regulation of the European Parliament and of the Council of 29 January 2014 on structural measures improving the resilience of EU credit institutions, as amended on 19 June 2015, would prohibit certain proprietary trading activities by European credit institutions that meet certain criteria (particularly as to size) and require them to conduct certain high-risk trading activities only through subsidiaries.

Finally, new regulations designed to enhance the transparency and soundness of financial markets, such as the so-called "EMIR" Regulation of 4 July 2012 on OTC derivatives, central counterparties and trade repositories and the measures adopted or to be adopted thereunder (including in relation to collateral requirements for non-centrally cleared derivatives), Regulation of 25 November 2015 on transparency of securities financing transactions and Directive and Regulation of 15 May 2014 on markets in financial instruments ("**MiFID 2**") may be a source of additional uncertainty and compliance risk and, more generally, the costs incurred due to the implementation of such regulations may have a negative impact on the profitability of certain activities currently conducted by BNPP and weigh on BNPP's results of operations and financial condition.

Bank regulation in the United States has been substantially changed and expanded in the wake of the financial crisis, including most recently as follows. The U.S. Federal Reserve's final rule imposing enhanced prudential standards on the U.S. operations of large foreign banks will require BNPP to create a new intermediate holding company ("**IHC**") for its U.S. subsidiaries by 1 July 2016, which will be required to comply with risk-based and leverage capital requirements, liquidity requirements, supervisory stress testing and capital planning requirements as well as other prudential requirements on a stand-alone basis. Under proposals that remain under consideration, the IHC and the combined U.S. operations of BNPP may become subject to limits on credit exposures to any single counterparty, and the combined U.S. operations of BNPP may also become subject to an early remediation regime which could be triggered by risk-based capital, leverage, stress tests, liquidity, risk management and market indicators. The Federal Reserve has also indicated that it is considering future rulemakings that could apply the U.S. rules implementing the Basel III liquidity coverage ratio to the U.S. operations of certain large foreign banking organizations. On 30 November 2015, the U.S. Federal Reserve published proposed rules that would implement in the United States the Financial Stability Board's standards for a TLAC framework. The proposed rules would require, among other things, BNPP's intermediate U.S. holding company to maintain minimum amounts of "internal" TLAC, which would include minimum levels of tier 1 capital and long-term debt

satisfying certain eligibility criteria and a related TLAC buffer commencing 1 January 2019. BNPP's intermediate U.S. holding company would be required to issue all such TLAC instruments to a foreign parent entity (a non-U.S. entity that controls the intermediate holding company). The proposed rules would also impose limitations on the types of financial transactions that BNPP's intermediate holding company could engage in. Finally, the "Volcker Rule", adopted by the U.S. regulatory authorities in December 2013, places certain restrictions on the ability of U.S. and non-U.S. banking entities, including BNPP and its affiliates, to engage in proprietary trading and to sponsor or invest in private equity and hedge funds. BNPP was generally required to come into compliance with the Volcker Rule by July 2015, although the U.S. Federal Reserve has indicated that the conformance deadline for pre-2014 "legacy" investments in and relationships with private equity funds and hedge funds will be extended until 21 July 2017. The Volcker Rule's implementing regulations are highly complex and may be subject to further regulatory interpretation and guidance, and its full impact will not be known with certainty for some time. U.S. regulators have also recently adopted or proposed new rules regulating OTC derivatives activities under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act. In late 2015, the U.S. Federal Reserve and other U.S. banking regulators finalized margin requirements applicable to uncleared swaps and security-based swaps entered into by swap dealers, major swap participants, security-based swap dealers and major security-based swap participants that are regulated by one of the U.S. banking regulators, including BNPP. These margin requirements, which are scheduled to come into effect in phases beginning in September 2016, will require BNPP to post and collect additional, high-quality collateral for certain transactions, which will increase the costs of uncleared swaps and security-based swaps offered by BNPP to its customers who are "U.S. persons" as defined under the rules which apply globally. The U.S. Securities and Exchange Commission also finalized rules in 2015 requiring the registration of security-based swap dealers and major security-based swap participants as well as obligations relating to transparency and mandatory reporting of security-based swap transactions. Further rules and regulations are expected in 2016 to complete this regulatory framework. The scope and timing for the implementation of these requirements, and therefore their impact on BNPP's swap business, is difficult to predict at this stage.

In sum, extensive legislative and regulatory reform in respect of financial institutions has been enacted in recent years and some remains in progress. It is impossible to accurately predict which additional measures will be adopted or to determine the exact content of such measures and, given the complexity and uncertainty of a number of these measures, their ultimate impact on BNPP. The overall effect of these measures, whether already adopted or in the process of being adopted, may be to restrict BNPP's ability to allocate and apply capital and funding resources, limit its ability to diversify risk, reduce the availability of certain funding and liquidity resources, increase its funding costs, increase the cost for or reduce the demand for the products and services it offers, result in the obligation to carry out internal reorganizations, structural changes or divestitures, affect its ability to conduct (or impose limitations on) certain types of business as currently conducted, limit its ability to attract and retain talent, and, more generally, affect its competitiveness and profitability, which would in turn have an adverse effect on its business, financial condition, and results of operations.

*BNPP is subject to extensive and evolving regulatory regimes in the jurisdictions in which it operates*

BNPP faces the risk of changes in legislation or regulation in all of the countries in which it operates, including, but not limited to, the following:

- monetary, liquidity, interest rate and other policies of central banks and regulatory authorities;
- changes in government or regulatory policy that may significantly influence investor decisions, in particular in the markets in which the Group operates;
- changes in regulatory requirements applicable to the financial industry, such as rules relating to applicable governance, remunerations, capital adequacy and liquidity frameworks, restrictions on activities considered as speculative and recovery and resolution frameworks;
- changes in securities regulations as well as in financial reporting, disclosure and market abuse regulations;

- changes in the regulation of certain types of transactions and investments, such as derivatives and securities financing transactions and money market funds;
- changes in the regulation of market infrastructures, such as trading venues, central counterparties, central securities depositories, and payment and settlement systems;
- changes in tax legislation or the application thereof;
- changes in accounting norms;
- changes in rules and procedures relating to internal controls, risk management and compliance;
- expropriation, nationalisation, price controls, exchange controls, confiscation of assets and changes in legislation relating to foreign ownership;

These changes, the scope and implications of which are highly unpredictable, could substantially affect BNPP and have an adverse effect on its business, financial condition and results of operations. Some reforms not aimed specifically at financial institutions, such as measures relating to the funds industry or promoting technological innovation (such as open data projects), could facilitate the entry of new players in the financial services sector or otherwise affect BNPP's business model, competitiveness and profitability, which could in turn affect its financial condition and results of operations.

*BNPP may incur substantial fines and other administrative and criminal penalties for non-compliance with applicable laws and regulations, and may also incur losses in related (or unrelated) litigation with private parties*

BNPP is exposed to regulatory compliance risk, i.e. the failure to comply fully with the laws, regulations, codes of conduct, professional norms or recommendations applicable to the financial services industry. This risk is exacerbated by the adoption by different countries of multiple and occasionally diverging and even conflicting legal or regulatory requirements. Besides damage to BNPP's reputation and private rights of action (including class actions introduced into French law in 2014), non-compliance could lead to material legal proceedings, fines and expenses (including fines and expenses in excess of recorded provisions), public reprimand, enforced suspension of operations or, in extreme cases, withdrawal by the authorities of operating licenses. This risk is further exacerbated by continuously increasing regulatory scrutiny of financial institutions. Moreover, litigation by private parties against financial institutions has substantially increased in recent years. Accordingly, BNPP faces significant legal risk in its business, and the volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms have substantially increased in recent years and may increase further.

In this respect, on 30 June 2014 BNPP entered into a series of agreements with, and was the subject of several orders issued by, U.S. federal and New York state government agencies and regulatory authorities including the U.S. Department of Justice, the New York County District Attorney's Office, the U.S. Attorney's Office for the Southern District of New York, the Board of Governors of the Federal Reserve System, the Office of Foreign Assets Control of the U.S. Department of the Treasury and the New York State Department of Financial Services, in settlement of investigations into violations of U.S. laws and regulations regarding economic sanctions. The fines and penalties imposed on BNPP as part of this settlement included, among other things, the payment of monetary penalties amounting in the aggregate to \$8.97 billion (€6.6 billion), guilty pleas by BNP Paribas S.A., the parent company of the BNP Paribas group, to charges of having violated U.S. federal criminal law (conspiracy to violate the Trading with the Enemy Act and the International Emergency Economic Powers Act) and New York State criminal law (conspiracy and falsifying business records), and the suspension of the New York branch of BNP Paribas for (a) a one-year period (2015) of USD direct clearing focused mainly on the Oil & Gas Energy and Commodity Finance business line in certain locations and (b) a two-year period of U.S. dollar clearing as a correspondent bank for unaffiliated third party banks in New York and London. Following this settlement, BNPP remains subject to increased scrutiny by regulatory authorities (including via the presence within BNPP of an independent consultant) who are monitoring its compliance with a remediation plan agreed with them.



BNPP is currently involved in various litigations and investigations as summarized in Note 8.b "Contingent liabilities: legal proceedings and arbitration" to its 2015 consolidated financial statements. It may become involved in further such matters at any point. No assurance can be given that an adverse outcome in one or more of such matters would not have a material adverse effect on BNPP's operating results for any particular period.

### **Risks related to BNPP, its Strategy, Management and Operations**

#### *Risks related to the implementation of BNPP's strategic plans*

BNPP has announced a certain number of strategic objectives, in particular in a strategic plan for the 2014-2016 period presented in March 2014 and a transformation plan for CIB for the 2016-2019 period presented in February 2016. These plans contemplate a number of initiatives, including simplifying BNPP's organisation and operations, continuing to improve operating efficiency, adapting certain businesses to their economic, regulatory and technological environment and implementing various business development initiatives.

The plans include a number of financial targets and objectives relating to net banking income, operating costs, net income, capital adequacy ratios and return on equity, among other things. These financial targets and objectives were established primarily for purposes of internal planning and allocation of resources, and are based on a number of assumptions with regard to business and economic conditions. On 5 February 2015 and 5 February 2016, BNPP provided updates regarding the implementation of the 2014-2016 strategic plan and presented the transformation plan of CIB 2016-2019 on 5 February 2016.

BNPP's actual results could vary significantly from these targets and objectives for a number of reasons, including the occurrence of one or more of the risk factors described elsewhere in this section.

#### *BNPP may experience difficulties integrating acquired companies and may be unable to realise the benefits expected from its acquisitions*

BNPP makes acquisitions on a regular basis. Integrating acquired businesses is a long and complex process. Successful integration and the realisation of synergies require, among other things, proper coordination of business development and marketing efforts, retention of key members of management, policies for effective recruitment and training as well as the ability to adapt information and computer systems. Any difficulties encountered in combining operations could result in higher integration costs and lower savings or revenues than expected. There will accordingly be uncertainty as to the extent to which anticipated synergies will be achieved and the timing of their realisation. Moreover, the integration of BNPP's existing operations with those of the acquired operations could interfere with the respective businesses and divert management's attention from other aspects of BNPP's business, which could have a negative impact on the business and results of BNPP. In some cases, moreover, disputes relating to acquisitions may have an adverse impact on the integration process or have other adverse consequences, including financial ones.

Although BNPP undertakes an in-depth analysis of the companies it plans to acquire, such analyses often cannot be complete or exhaustive. As a result, BNPP may increase its exposure to doubtful or troubled assets and incur greater risks as a result of its acquisitions, particularly in cases in which it was unable to conduct comprehensive due diligence prior to the acquisition.

#### *Intense competition by banking and non-banking operators could adversely affect BNPP's revenues and profitability*

Competition is intense in all of BNPP's primary business areas in France and the other countries in which it conducts a substantial portion of its business, including other European countries and the United States. Competition in the banking industry could intensify as a result of consolidation in the financial services area or as a result of the presence of new players in the payment and the financing services area or the development of crowdfunding. In particular, competitors subject to less extensive regulatory requirements or to less strict capital requirements (e.g., debt funds, shadow banks), or benefiting from economies of scale, data synergies or technological innovation (e.g., internet and mobile operators, fintechs), could be more competitive. If BNPP is unable to respond to the competitive environment in France or in its

other major markets by offering attractive and profitable product and service solutions, it may lose market share in key areas of its business or incur losses on some or all of its activities. In addition, downturns in the economies of its principal markets could add to the competitive pressure, through, for example, increased price pressure and lower business volumes for BNPP and its competitors. It is also possible that the presence in the global marketplace of State-owned financial institutions, or financial institutions benefiting from State guarantees or other similar advantages, or the imposition of more stringent requirements (particularly capital requirements and business restrictions) on large or systemically significant financial institutions, could lead to distortions in competition in a manner adverse to large private-sector institutions such as BNPP.

*A substantial increase in new provisions or a shortfall in the level of previously recorded provisions could adversely affect BNPP's results of operations and financial condition*

In connection with its lending activities, BNPP regularly establishes provisions for loan losses, which are recorded in its profit and loss account under "cost of risk". BNPP's overall level of provisions is based on its assessment of prior loss experience, the volume and type of lending being conducted, industry standards, past due loans, economic conditions and other factors related to the recoverability of various loans. Although BNPP seeks to establish an appropriate level of provisions, its lending businesses may have to increase their provisions for loan losses substantially in the future as a result of deteriorating economic conditions or other causes. Any significant increase in provisions for loan losses or a significant change in BNPP's estimate of the risk of loss inherent in its portfolio of non-impaired loans, as well as the occurrence of loan losses in excess of the related provisions, could have a material adverse effect on BNPP's results of operations and financial condition.

BNPP also establishes provisions for contingencies and charges including in particular provisions for litigations. Any loss arising from a risk that has not already been provisioned or that is greater than the amount of the provision would have a negative impact on BNPP's results of operation and, potentially, its financial condition.

*BNPP's risk management policies, procedures and methods may leave it exposed to unidentified or unanticipated risks, which could lead to material losses*

BNPP has devoted significant resources to developing its risk management policies, procedures and assessment methods and intends to continue to do so in the future. Nonetheless, BNPP's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic and market environments or against all types of risk, particularly risks that BNPP may have failed to identify or anticipate. BNPP's ability to assess the creditworthiness of its customers or to estimate the values of its assets may be impaired if, as a result of market turmoil such as that experienced in recent years, the models and approaches it uses become less predictive of future behaviour, valuations, assumptions or estimates. Some of BNPP's qualitative tools and metrics for managing risk are based on its use of observed historical market behaviour. BNPP applies statistical and other tools to these observations to arrive at quantifications of its risk exposures. The process BNPP uses to estimate losses inherent in its credit exposure or estimate the value of certain assets requires difficult, subjective, and complex judgments, including forecasts of economic conditions and how these economic predictions might impair the ability of its borrowers to repay their loans or impact the value of assets, which may, during periods of market disruption, be incapable of accurate estimation and, in turn, impact the reliability of the process. These tools and metrics may fail to predict future risk exposures, e.g., if BNPP does not anticipate or correctly evaluate certain factors in its statistical models, or upon the occurrence of an event deemed extremely unlikely by the tools and metrics. This would limit BNPP's ability to manage its risks. BNPP's losses could therefore be significantly greater than the historical measures indicate. In addition, BNPP's quantified modelling does not take all risks into account. Its more qualitative approach to managing certain risks could prove insufficient, exposing it to material unanticipated losses.

*BNPP's hedging strategies may not prevent losses*

If any of the variety of instruments and strategies that BNPP uses to hedge its exposure to various types of risk in its businesses is not effective, BNPP may incur losses. Many of its strategies are based on historical trading patterns and correlations. For example, if BNPP holds a long position in an asset, it may hedge that position by taking a short position

in another asset where the short position has historically moved in a direction that would offset a change in the value of the long position. However, the hedge may only be partial, or the strategies used may not protect against all future risks or may not be fully effective in mitigating BNPP's risk exposure in all market environments or against all types of risk in the future. Unexpected market developments may also reduce the effectiveness of BNPP's hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in BNPP's reported earnings.

*Adjustments to the carrying value of BNPP's securities and derivatives portfolios and BNPP's own debt could have an impact on its net income and shareholders' equity*

The carrying value of BNPP's securities and derivatives portfolios and certain other assets, as well as its own debt, in its balance sheet is adjusted as of each financial statement date. Most of the adjustments are made on the basis of changes in fair value of its assets or its debt during an accounting period, with the changes recorded either in the income statement or directly in shareholders' equity. Changes that are recorded in the income statement, to the extent not offset by opposite changes in the value of other assets, affect its consolidated revenues and, as a result, its net income. All fair value adjustments affect shareholders' equity and, as a result, its capital adequacy ratios. The fact that fair value adjustments are recorded in one accounting period does not mean that further adjustments will not be needed in subsequent periods.

*The expected changes in accounting principles relating to financial instruments may have an impact on BNPP's balance sheet and regulatory capital ratios and result in additional costs*

In July 2014, the International Accounting Standards Board published International Financial Reporting Standard 9 ("IFRS 9") "Financial Instruments", which is set to replace IAS 39 as from 1 January 2018 after its adoption by the European Union. The standard amends and complements the rules on the classification and measurement of financial instruments. It includes a new impairment model based on expected credit losses ("ECL"), while the current model is based on provisions for incurred losses, and new rules on general hedge accounting. The new approach based on ECL could result in substantial additional impairment charges for BNPP and add volatility to its regulatory capital ratios, and the costs incurred by BNPP relating to the implementation of such norms may have a negative impact on its results of operations.

*BNPP's competitive position could be harmed if its reputation is damaged*

Considering the highly competitive environment in the financial services industry, a reputation for financial strength and integrity is critical to BNPP's ability to attract and retain customers. BNPP's reputation could be harmed if it fails to adequately promote and market its products and services. BNPP's reputation could also be damaged if, as it increases its client base and the scale of its businesses, BNPP's comprehensive procedures and controls dealing with conflicts of interest fail, or appear to fail, to address conflicts of interest properly. At the same time, BNPP's reputation could be damaged by employee misconduct, fraud or misconduct by market participants to which BNPP is exposed, a decline in, a restatement of, or corrections to its financial results, as well as any adverse legal or regulatory action such as the settlement BNPP entered into in with the U.S. authorities for violations of U.S. laws and regulations regarding economic sanctions. Such risks to reputation have recently increased as a result of the growing use of social networks within the economic sphere. The loss of business that could result from damage to BNPP's reputation could have an adverse effect on its results of operations and financial position.

*An interruption in or a breach of BNPP's information systems may result in material losses of client or customer information, damage to BNPP's reputation and lead to financial losses*

As with most other banks, BNPP relies heavily on communications and information systems to conduct its business. This dependency has increased with the spread of mobile and online banking services (as illustrated by the launch of Hello bank! in 2014), and the development of cloud computing. Any failure or interruption or breach in security of these systems could result in failures or interruptions in BNPP's customer relationship management, general ledger, deposit, servicing and/or loan organisation systems. BNPP cannot provide assurances that such failures or interruptions will not occur or, if

they do occur, that they will be adequately addressed. An increasing number of companies (including financial institutions) have in recent years experienced intrusion attempts or even breaches of their information technology security, some of which have involved sophisticated and highly targeted attacks on their computer networks. Because the techniques used to obtain unauthorised access, disable or degrade service, steal confidential data or sabotage information systems have become more sophisticated, change frequently and often are not recognised until launched against a target, BNPP may be unable to anticipate these techniques or to implement in a timely manner effective and efficient countermeasures. Any failures of or interruptions in BNPP's information systems and any subsequent disclosure of confidential information related to any client, counterpart or employee of BNPP (or any other person) or any intrusion or attack against BNPP's communication system could have an adverse effect on BNPP's reputation, financial condition and results of operations.

*Unforeseen external events may disrupt BNPP's operations and cause substantial losses and additional costs*

Unforeseen events such as an adverse change in the political, military or diplomatic environments, political and social unrest, severe natural disasters, a pandemic, terrorist attacks, military conflicts or other states of emergency could affect the demand for the products and services offered by BNPP, or lead to an abrupt interruption of BNPP's operations, in France or abroad, and could cause substantial losses that may not necessarily be covered by an insurance policy. Such losses can relate to property, financial assets, trading positions and key employees. Such unforeseen events could also lead to temporary or longer-term business interruption, additional costs (such as relocation of employees affected) and increase BNPP's costs (particularly insurance premiums).

#### **Risk Factors Relating to BNPP B.V.**

The main risks described above in relation to BNPP also represent the main risks for BNPP B.V., either as an individual entity or a company of the BNPP Group.

##### *Dependency Risk*

BNPP B.V. is an operating company. The assets of BNPP B.V. consist of the obligations of other Group entities. The ability of BNPP B.V. to meet its own obligations will depend on the ability of other Group entities to fulfil their obligations. In respect of securities it issues, the ability of BNPP B.V. to meet its obligations under such securities depends on the receipt by it of payments under certain hedging agreements that it enters with other Group entities. Consequently, Holders of BNPP B.V. securities will, subject to the provisions of the Guarantee issued by BNPP, be exposed to the ability of Group entities to perform their obligations under such hedging agreements.

##### *Market risk*

BNPP B.V. takes on exposure to market risks arising from positions in interest rates, currency exchange rates, commodities and equity products, all of which are exposed to general and specific market movements. However, these risks are hedged by option and swap agreements and therefore these risks are mitigated in principle.

##### *Credit risk*

BNPP B.V. has significant concentration of credit risks as all OTC contracts are acquired from its parent company and other Group entities. Taking into consideration the objective and activities of BNPP B.V. and the fact that its parent company is under supervision of the European Central Bank and the *Autorité de Contrôle Prudentiel et de Résolution* management considers these risks as acceptable. The long term senior debt of BNPP is rated (A) by Standard & Poor's and (A1) by Moody's.

##### *Liquidity risk*

BNPP B.V. has significant liquidity risk exposure. To mitigate this exposure, BNPP B.V. entered into netting agreements with its parent company and other Group entities.

## RISK FACTORS RELATING TO SECURITIES

### 1. General

The Securities involve a high degree of risk, which may include (in addition to the risks relating to the Issuers' (including default risk) and Guarantor's ability to fulfil their obligations under the Securities to investors) price risks associated with the Underlying Reference (as defined below), among others, interest rate, foreign exchange, inflation, correlation, time value and political risks. Prospective purchasers of Securities should recognise that their Securities may expire worthless or be redeemed for no value. Purchasers should be prepared to sustain a total loss of the purchase price of their Securities. See "*Certain Factors Affecting the Value and Trading Price of Securities*" below. Prospective purchasers of Securities should be experienced with respect to options and option transactions, should understand the risks of transactions involving the relevant Securities and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Securities in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Securities and the particular underlying index (or basket of indices), share, GDR or ADR (or basket of shares, GDRs and/or ADRs), interests in exchange traded funds, exchange traded notes, exchange traded commodities or other exchange traded products (each an "**exchange traded instrument**") (or basket of interests in exchange traded instruments), debt instrument (or basket of debt instruments), commodity or commodity index (or basket of commodities and/or commodity indices), inflation index (or basket of inflation indices), currency (or basket of currencies), fund share or unit (or basket of fund shares or units), futures contracts (or basket of futures contracts), preference share or other basis of reference to which the value of the relevant Securities may relate, as specified in the applicable Final Terms (such reference being the "**Underlying Reference**"). Each Issuer may also issue Securities linked to the credit of a specified entity (or entities) (each such entity a "**Reference Entity**" and, where the context admits, each an "**Underlying Reference**").

The exposure to the Underlying Reference in many cases will be achieved by the relevant Issuer entering into hedging arrangements. Potential investors should be aware that under the terms of Underlying Reference linked Securities they are exposed to the performance of these hedging arrangements and the events that may affect these hedging arrangements and consequently the occurrence of any of these events may affect the value of the Securities.

The risk of the loss of some or all of the purchase price of a Security on expiration or redemption means that, in order to recover and realise a return upon his or her investment, a purchaser of a Security must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the Underlying Reference or credit risk of the Reference Entity which may be specified in the applicable Final Terms. Assuming all other factors are held constant, the lower the value of a Security and the shorter the remaining term of a Warrant to expiration or a Note or Certificate to redemption, the greater the risk that purchasers of such Securities will lose all or part of their investment. With respect to Notes, Certificates or European-style Warrants, the only means through which a Holder can realise value from the Note, Warrant or Certificate, as the case may be, prior to its Exercise Date, Maturity Date or Redemption Date in relation to such Note, Warrant or Certificate, as the case may be, is to sell it at its then market price in an available secondary market. See "*Possible Illiquidity of the Securities in the Secondary Market*" below.

Fluctuations in the value of the relevant index or basket of indices will affect the value of Index Securities or Inflation Index Securities. Fluctuations in the price of the relevant share, GDR or ADR or value of the basket of shares, GDRs and/or ADRs will affect the value of Share Securities. Fluctuations in the price of the relevant interest in an exchange traded instrument or value of the basket of interests in exchange traded instruments will affect the value of ETI Securities. Fluctuations in the price or yield of the relevant debt instrument or value of the basket of debt instruments will affect the value of Debt Securities. Also, the character of the particular market on which a debt instrument is traded, the absence of last sale information and the limited availability of quotations for such debt instrument may make it difficult for many investors to obtain timely, accurate data for the price or yield of such debt instrument. Fluctuations in the value of the relevant inflation index or basket of inflation indices will affect the value of Inflation Index Securities. Fluctuations in the rates of exchange between the relevant currencies will affect the value of Currency Securities. Fluctuations in the value of the relevant commodity or commodity index or basket of commodities and/or commodity indices will affect the value of

Commodity Securities. Fluctuations in the value of the relevant fund share or unit or basket of fund shares or units will affect the value of the Fund Securities. Fluctuations in the value of the relevant futures contracts or basket of futures contracts will affect the value of the Futures Securities. Fluctuations in the creditworthiness of the relevant Reference Entity or Reference Entities will affect the value of the Credit Securities. Fluctuations in the value of the relevant preference share will affect the value of Preference Share Certificates. In the case of Hybrid Securities the Underlying Reference in respect of which is any combination of such indices, shares, GDRs, ADRs, interests in exchange traded instruments, debt instruments, currencies, commodities, inflation indices, fund shares, futures contracts or any other asset class or type, fluctuations in the value of any one or more of such Underlying References will correspondingly affect the value of Hybrid Securities. Purchasers of Securities risk losing their entire investment if the value of the relevant Underlying Reference does not move in the anticipated direction.

Each Issuer may issue several issues of Securities relating to various Underlying References. However, no assurance can be given that the relevant Issuer will issue any Securities other than the Securities to which a particular Final Terms relates. At any given time, the number of Securities outstanding may be substantial. Securities provide opportunities for investment and pose risks to investors as a result of fluctuations in the value of the underlying investment. In general, certain of the risks associated with Warrants are similar to those generally applicable to other options or warrants of private corporate issuers. Securities on shares, interests in exchange traded instruments, debt instruments or fund shares or units are priced primarily on the basis of the value of underlying securities, whilst Securities on currencies and commodities are priced primarily on the basis of present and expected values of the reference currency (or basket of currencies) or commodity (or basket of commodities) specified in the applicable Final Terms.

#### *Possible Illiquidity of the Securities in the Secondary Market*

It is very difficult to predict the price at which Securities will trade in the secondary market or whether such market will be liquid or illiquid. The Issuer may, but is not obliged to, list Securities on a stock exchange (application has been made to list the Securities on SIX Swiss Exchange and to admit the Securities described herein for trading on SIX Swiss Exchange). Also, to the extent Securities of a particular issue are exercised or redeemed, the number of Securities of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Securities of such issue. A decrease in the liquidity of an issue of Securities may cause, in turn, an increase in the volatility associated with the price of such issue of Securities.

Each Issuer and any Manager may, but is not so obliged, at any time purchase Securities at any price in the open market or by tender or private offer/treaty. Any Securities so purchased may be held or resold or surrendered for cancellation as further described herein. A Manager may be a market-maker for an issue of Securities but, unless Buy-back Provisions are specified as applicable in the applicable Final Terms (in which case a Manager will be a market-maker on certain specified terms), it is not obliged to and may cease to do so at any time. Even if a Manager is a market-maker for an issue of Securities (including where BNP Paribas Arbitrage S.N.C. acts as market-maker), the secondary market for such Securities may be limited. In addition, Affiliates of each Issuer (including the relevant Manager as referred to above) may purchase Securities at the time of their initial distribution and from time to time thereafter.

For certain issues of Securities, BNP Paribas Arbitrage S.N.C. is required to act as market-maker. In those circumstances, BNP Paribas Arbitrage S.N.C. will endeavour to maintain a secondary market throughout the life of the Securities, subject to normal market conditions and will submit bid and offer prices to the market. The spread between bid and offer prices may change during the life of the Securities. However, during certain periods, it may be difficult, impractical or impossible for BNP Paribas Arbitrage S.N.C. to quote bid and offer prices, and during such periods, it may be difficult, impracticable or impossible to buy or sell these Securities. This may, for example, be due to adverse market conditions, volatile prices or large price fluctuations, a large marketplace being closed or restricted or experiencing technical problems such as an IT system failure or network disruption.

There may be no secondary market for the Securities and to the extent that an issue of Securities is or becomes illiquid, an investor may have to exercise or wait until redemption of such Securities, as applicable, to realise greater value than its then trading value. Securities sold in the United States or to U.S. persons may be subject to transfer restrictions.

### *Risk of Leveraged Exposure*

Leverage involves the use of a number of financial techniques to increase the exposure to an Underlying Reference, and can therefore magnify both returns and losses. While the use of leverage allows for potential multiples of a return (assuming a return is achieved) when the Underlying Reference moves in the anticipated direction, it will conversely magnify losses when the Underlying Reference moves against expectations. If the relevant Securities include leverage (such as OET Certificates), potential holders of such Securities should note that these Securities will involve a higher level of risk, and that whenever there are losses such losses may be higher than those of a similar security which is not leveraged. Investors should therefore only invest in leveraged Securities if they fully understand the effects of leverage.

### *Potential Loss of the Holder's Investment in the Securities*

Each Holder may receive a Final Redemption Amount or Cash Settlement Amount, as applicable, and/or physical delivery of the Entitlement the aggregate value of which may be less than the value of the Holder's investment in the relevant Securities. In certain circumstances Holders may lose the entire value of their investment.

### *Absence of Rights in respect of the Underlying Reference*

The Securities do not represent a claim against any Underlying Reference (or any issuer, sponsor, manager or other connected person in respect of an Underlying Reference) and Holders will not have any right of recourse under the Securities to any such Underlying Reference (or any issuer, sponsor, manager or other connected person in respect of an Underlying Reference). The Securities are not in any way sponsored, endorsed or promoted by any issuer, sponsor, manager or other connected person in respect of an Underlying Reference and such entities have no obligation to take into account the consequences of their actions on any Holders.

### *Securities are not Collective Investment Schemes*

The Securities do not constitute collective investment schemes in the meaning of the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). Accordingly, holders of the Securities do not benefit from protection under the CISA or supervision by the Swiss Financial Market Supervisory Authority ("**FINMA**"). Further, investors are exposed to the Issuer's and the Guarantor's insolvency risk.

### *Securities are not Alternative Investment Funds*

The Securities do not constitute Alternative Investment Funds in the meaning of the Directive 2011/61/EU of the Parliament and of the Council on Alternative Investment Fund Managers published in the Official Journal of the European Union on July 1, 2011 ("**AIFMD**"). Accordingly, holders of the Securities do not benefit from protection under the AIFMD.

### *Securities are Unsecured Obligations*

The Securities are unsubordinated and unsecured obligations of the relevant Issuer and will rank *pari passu* with themselves. Each issue of Securities issued by BNPP B.V. will be guaranteed by BNPP pursuant to the English Guarantee, in the case of English Law Securities, or the French Law Guarantee, in the case of French Law Securities. The obligations of BNPP under the Guarantees are unsubordinated and unsecured obligations of BNPP and will rank *pari passu* with all its other present and future unsubordinated and unsecured obligations, subject as may from time to time be mandatory under French law.

### *Certain Factors Affecting the Value and Trading Price of Securities*

The trading price of the Securities is affected by a number of factors including, but not limited to, the price or level of the relevant Underlying Reference or Underlying References, the time to expiration or redemption of the Securities and the actual or implied volatility and the correlation risk of the relevant Underlying Reference or Underlying References. Such

factors may mean that the trading price of the Securities is below the Cash Settlement Amount or the value of the Entitlement, as applicable.

Before exercising (in the case of Warrants) or selling Securities, Holders should carefully consider, among other things, (a) the trading price of the Securities, (b) the value and volatility of the Underlying Reference as specified in the applicable Final Terms, (c) the time remaining to expiration or redemption, as the case may be, (d) in the case of Cash Settled Securities, the probable range of Cash Settlement Amounts, (e) any change(s) in interim interest rates and dividend yields, if applicable, (f) any change(s) in currency exchange rates, (g) the depth of the market or liquidity of the Underlying Reference as specified in the applicable Final Terms and (h) any related transaction costs.

#### *A Security's purchase price may not reflect its inherent value*

Prospective investors in the Securities should be aware that the purchase price of a Security does not necessarily reflect its inherent value. Any difference between a Security's purchase price and its inherent value may be due to a number of different factors including, without limitation, prevailing market conditions and fees, discounts or commissions paid or accorded to the various parties involved in structuring and/or distributing the Security. For further information prospective investors should refer to the party from whom they are purchasing the Securities. Prospective investors may also wish to seek an independent valuation of Securities prior to their purchase.

#### *Meetings of Holders*

The Terms and Conditions of the Securities contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority. Only holders of French Law Securities will, in certain circumstances, be grouped for the defence of their common interests in a separate legal entity called "*Masse*" (as defined in Condition 17.2 "Meetings of Noteholders, Modification and Waiver - French Law Notes" of the Terms and Conditions of the Notes and Condition 9.4(b) "Meetings of Holders – French Law Securities" of the Terms and Conditions of the W&C Securities).

#### *Minimum Trading Amount*

Investors should note that the Securities may have a minimum trading amount. In such cases, if, following the transfer of any Securities, a Holder holds fewer Securities than the specified minimum trading amount, such Holder will not be permitted to transfer their remaining Securities prior to expiration or redemption, as applicable, without first purchasing enough additional Securities in order to hold the minimum trading amount.

#### *Potential Conflicts of Interest*

- (i) Certain entities within the Group or its affiliates (including, if applicable, any Manager) may also engage in trading activities (including hedging activities) relating to the Underlying Reference or Reference Entity and other instruments or derivative products based on or relating to the Underlying Reference or Reference Entity of any Securities for their proprietary accounts or for other accounts under their management;
- (ii) BNPP B.V., BNPP and their Affiliates (including, if applicable, any Manager) may also issue other derivative instruments in respect of the Underlying Reference;
- (iii) BNPP B.V., BNPP and their Affiliates (including, if applicable, any Manager) may also act as underwriter in connection with future offerings of shares or other securities relating to an issue of Securities or may act as financial adviser to certain companies or companies whose shares or other securities are included in a basket or in a commercial banking capacity for such companies;



- (iv) BNPP B.V., BNPP and their Affiliates (including, if applicable, any Manager) may act in a number of different capacities in relation to an underlying index, including, but not limited to, issuer of the constituents of the index, index sponsor or calculation agent;
- (v) In respect of ETI Securities and Fund Securities:
  - I. the relevant Issuer or one or more of its Affiliates may from time to time engage in business with the relevant ETI or Fund, as the case may be, or companies in which an ETI or Fund, as the case may be, invests, including among other things, extending loans to, or making investments in, or providing advisory services to them, including merger and acquisition advisory services, engaging in activities that may include prime brokerage business, financing transactions or entry into derivative transactions;
  - II. the ETI or Fund (each as defined below), as applicable, may pay a portion of its fees to the relevant Issuer or any of its Affiliates for the provision of such services; and
  - III. in the course of this business, the relevant Issuer, the Guarantor (if any), the Calculation Agent and any of their respective Affiliates may acquire non-public information about an ETI or a Fund, as applicable, or any companies, funds or reference assets in which an ETI or a Fund invests and the relevant Issuer, the Guarantor (if any), the Calculation Agent or any of their respective Affiliates may publish research reports about them. This research may be modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding ETI Securities or Fund Securities, as applicable. Such activities could present certain conflicts of interest, could influence the prices of such shares, Fund Shares, ETI Interests or other securities and could adversely affect the value of such Securities;
- (vi) In respect of Securities linked to an underlying custom index, in addition to the issuer being an entity within the Group, various legal entities within the Group may undertake the role of Calculation Agent of the Securities, sponsor of the underlying custom index and Calculation Agent of the underlying custom index. BNPP has policies and procedures to identify, consider and manage potential conflicts of interest which this situation may potentially generate; and
- (vii) Because the Calculation Agent (as defined below) may be an Affiliate of the relevant Issuer or, if applicable, the Guarantor, potential conflicts of interest may exist between the Calculation Agent and holders of the Securities, including with respect to certain determinations and judgments that the Calculation Agent must make, including whether a Market Disruption Event, a Settlement Disruption Event or Credit Event (each, as defined below) has occurred. The Calculation Agent is obligated to carry out its duties and functions as Calculation Agent in good faith and using its reasonable judgment however, subject to always acting only within the parameters allowed by the terms and conditions of the Securities, it has no responsibility to take investors' interests into account.

#### *Certain Considerations Regarding Purchasing Securities as Hedges*

Prospective purchasers intending to purchase Securities to hedge against the market risk associated with investing in the Underlying Reference which may be specified in the applicable Final Terms should recognise the complexities of utilising Securities in this manner. For example, the value of the Securities may not exactly correlate with the value of the Underlying Reference which may be specified in the applicable Final Terms. Due to fluctuating supply and demand for the Securities, there is no assurance that their value will correlate with movements of the Underlying Reference which may be specified in the applicable Final Terms. For these reasons, among others, it may not be possible to purchase or liquidate securities in a portfolio at the prices used to calculate the value of any relevant Underlying Reference. In addition, in certain cases, the ability of Holders to use Securities for hedging may be restricted by the provisions of the Securities Act.

### *Credit Ratings may not Reflect all Risks*

One or more independent credit rating agencies may assign credit ratings to the Issuer, the Guarantor (if any) or the Securities. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transactional provisions that apply in certain circumstances whilst the registration application is pending). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus. Certain information with respect to the credit rating agencies and ratings will be disclosed in the applicable Final Terms.

### *Effect of Credit Rating Reduction*

The value of the Securities is expected to be affected, in part, by investors' general appraisal of the creditworthiness of the relevant Issuer and, if applicable, the Guarantor. Such perceptions are generally influenced by the ratings accorded to the outstanding securities of BNPP B.V. or BNPP by standard statistical rating services, such as Moody's Investors Service Ltd. ("**Moody's**"), Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc. ("**Standard & Poor's**") and Fitch Ratings Ltd. ("**Fitch**"). A reduction in the rating, if any, accorded to outstanding debt securities of BNPP B.V. or BNPP by one of these rating agencies could result in a reduction in the trading value of the Securities.

### *Taxation*

Potential purchasers and sellers of Securities should be aware that they may be required to pay stamp or taxes or documentary charges in accordance with the laws and practices of the jurisdiction where the Securities are transferred and/or any asset(s) are delivered or in any other jurisdiction.

### *Swiss Tax Aspects*

Payments or credits received by a holder of the Securities, which are considered in a Swiss tax perspective as dividends or interests generally are subject to income tax. Gains realised upon a sale or other disposition may, depending on the qualification of the Securities and the Securities' holder individual circumstances, be subject to Swiss income tax. The tax impact on holders of Securities generally in Switzerland is described under the section entitled "Taxation" below; however, the tax impact on an individual holder of Securities differ from the situation described for Securities' holder generally. The Issuer advises all investors to contact their own tax advisors for advice on the tax impact of an investment in the Securities.

### *EU financial transaction tax*

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the "**Commission's proposal**"), for a financial transaction tax ("**FTT**") to be adopted in certain participating EU member states (including Belgium, Germany, Estonia (although Estonia has since stated that it will not participate), Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia). If the Commission's proposal was adopted, the FTT would be a tax primarily on

"financial institutions" (which could include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the Commission's proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating member states. Generally, it would apply where at least one party is a financial institution, and at least one party is established in a participating member state. A financial institution may be, or be deemed to be, "established" in a participating member state in a broad range of circumstances, including (a) by transacting with a person established in a participating member state or (b) where the financial instrument which is subject to the financial transaction is issued in a participating member state.

The FTT may give rise to tax liabilities for the relevant Issuer with respect to certain transactions if it is adopted based on the Commission's proposal. Examples of such transactions are the conclusion of a derivative contract in the context of the relevant Issuer's hedging arrangements or the purchase or sale of securities (such as charged assets) or the exercise/settlement of a warrant. The relevant Issuer is, in certain circumstances, able to pass on any such tax liabilities to holders of the Securities and therefore this may result in investors receiving less than expected in respect of the Securities. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Securities (including secondary market transactions) if conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's proposal. Primary market transactions referred to in Article 5(c) of Regulation EC No 1287/2006 are expected to be exempt. There is however some uncertainty in relation to the intended scope of this exemption for certain money market instruments and structured issues.

However, the FTT proposal remains subject to negotiation between participating member states. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU member states may decide to participate. Prospective holders of the Securities are advised to seek their own professional advice in relation to the FTT.

#### *Hiring Incentives to Restore Employment Act withholding may affect payments on the Securities*

The U.S. Hiring Incentives to Restore Employment Act (the "**HIRE Act**") imposes a 30% withholding tax on amounts attributable to U.S. source dividends that are paid or "deemed paid" under certain financial instruments if certain conditions are met. If an Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. Prospective investors should refer to the section "*Taxation – Hiring Incentives to Restore Employment Act.*"

#### *EU Resolution and Recovery Directive*

On 2 July 2014, Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**Bank Recovery and Resolution Directive**" or "**BRRD**") entered into force. The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business – enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply; (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of the firm to a "bridge bank" (a public controlled entity holding such business or part of a business with a view to reselling it); (iii) asset separation – which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in – which gives resolution authorities the power to write down certain claims of unsecured creditors of

a failing institution and to convert certain unsecured debt claims including Securities to equity (the "**general bail-in tool**"), which equity could also be subject to any future application of the general bail-in tool.

The BRRD also provides the right for a Member State as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

An institution will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances).

When applying bail-in, the resolution authority must first reduce or cancel common equity tier one, thereafter reduce, cancel, convert additional tier one instruments, then tier two instruments and other subordinated debts to the extent required and up to their capacity. If senior debt bail-in has entered into force and if only this total reduction is less than the amount needed, the resolution authority will reduce or convert to the extent required the principal amount or outstanding amount payable in respect of unsecured creditors in accordance with the hierarchy of claims in normal insolvency proceedings.

The powers set out in the BRRD impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. The impact of the BRRD and its implementing provisions on credit institutions is currently unclear but its current and future implementation and application to any relevant Issuer or Guarantor or the taking of any action under it could materially affect the activity and financial condition of any relevant Issuer or Guarantor and the value of any Securities.

As a result of the implementation of BRRD, holders of Securities may be subject to write-down or conversion into equity on any application of the general bail-in tool, which may result in such holders losing some or all of their investment. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of holders of Securities, the price or value of their investment in any Securities and/or the ability of the relevant Issuer and/or the Guarantor to satisfy its obligations under any Securities and/or the Guarantee.

#### *Implementation of BRRD in France*

The implementation of the BRRD in France was made by two main texts of legislative nature. First, the banking law dated 26 July 2013 regarding the separation and the regulation of banking activities (*Loi de séparation et de régulation des activités bancaires*) (as modified by the ordonnance dated 20 February 2014 (*Ordonnance portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*)) (the "**Banking Law**") had anticipated the implementation of the BRRD. Secondly, Ordinance no. 2015-1024 dated 20 August 2015 (*Ordonnance no 2015-1024 du 20 août 2015 portant diverses dispositions d'adaptation de la législation au droit de l'Union européenne en matière financière*) (the "**Ordinance**") published in the Official Journal on 21 August 2015 has introduced various provisions amending and supplementing the Banking Law to adapt French law to European Union legislation regarding financial matters. Many of the provisions contained in the BRRD were already similar in effect to provisions contained in the Banking Law. Decree no. 2015-1160 dated 17 September 2015 and three orders dated 11 September 2015 (*décret et arrêtés*) implementing provisions of the Ordinance regarding (i) recovery planning, (ii) resolution planning and (iii) criteria to assess the resolvability of an institution or group, have been published on 20 September 2015 to mostly implement the BRRD in France. The precise changes which will be made by future decree(s) and order(s) remain unknown at this stage.

The impact of the BRRD and its implementing provisions on credit institutions, including BNPP, is currently unclear but its current and future implementation and application to BNPP or the taking of any action under it could materially affect the activity and financial condition of BNPP and the value of any Securities.

The French *Code monétaire et financier*, as amended by the Ordinance also provides that in exceptional circumstances, where the general bail-in tool is applied, the relevant resolution authority may exclude or partially exclude certain liabilities from the application of the write-down or conversion powers, in particular where: (a) it is not possible to bail-in that liability within a reasonable time; (b) the exclusion is strictly necessary and is proportionate to achieve the continuity of critical functions and core business lines of the institution under resolution; (c) the exclusion is strictly necessary and proportionate to avoid giving rise to widespread contagion, which would severely disrupt the functioning of financial markets, including of financial market infrastructures, in a manner that could cause a serious disturbance to the economy of a Member State of the European Union or of the European Union; or (d) the application of the general bail-in tool to those liabilities would cause a destruction in value such that the losses borne by other creditors would be higher than if those liabilities were excluded from bail-in. Consequently, where the relevant resolution authority decides to exclude or partially exclude an eligible liability or class of eligible liabilities, the level of write down or conversion applied to other eligible liabilities – due to Holders as the case may be - when not excluded, may be increased to take account of such exclusions. Subsequently, if the losses that would have been borne by those liabilities have not been passed on fully to other creditors, the French "Resolution and Deposits Guarantee Fund" (*Fonds de garantie des dépôts et de résolution*) or any other equivalent arrangement from a Member State, may make a contribution to the institution under resolution, under certain limits, including the requirement that such contribution does not exceed 5% of the global liabilities of such institution to (i) cover any losses which have not been absorbed by eligible liabilities and restore the net asset value of the institution under resolution to zero and/or (ii) purchase shares or other instruments of ownership or capital instruments in the institution under resolution, in order to recapitalise the institution. The last step - if there are losses left - would be an extraordinary public financial support through additional financial stabilisation tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework. An institution will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances).

The powers set out in the BRRD will impact how credit institutions, including BNPP, and investment firms are managed as well as, in certain circumstances, the rights of creditors. In particular, Holders may be subject to write-down (including to zero) or conversion into equity on any application of the general bail-in tool (including amendment of the terms of the Securities such as a variation of their maturity), which may result in such holders losing some or all of their investment. The exercise of any power under the BRRD as applied to BNPP or any suggestion of such exercise could, therefore, materially adversely affect the rights of Holders, the price or value of their investment in any Securities and/or the ability of BNPP, acting as Issuer or Guarantor, as the case may be, to satisfy its obligations under any Securities.

The powers currently set out in the BRRD and its implementation in the French *Code monétaire et financier* are expected to impact how credit institutions, including BNPP, and large investment firms (those which are required to hold initial capital of € 730,000 by the fourth Capital Requirements Directive (CRD)) are managed as well as, in certain circumstances, the rights of creditors. For Member States (including France) participating in the Banking Union, the Single Resolution Mechanism (the "SRM") fully harmonises the range of available tools but Member States are authorized to introduce additional tools at a national level to deal with crises, as long as they are compatible with the resolution objectives and principles set out in the BRRD.

The Single Resolution Board works in close cooperation with the ACPR, in particular in relation to the elaboration of resolution planning, and assumes full resolution powers since 1 January 2016. It is not yet possible to assess the full impact of the BRRD and the French law provisions implementing the BRRD on BNPP and there can be no assurance that its implementation or the taking of any actions currently contemplated in it will not adversely affect the rights of Holders, the price or value of their investment in the Securities and/or the ability of BNPP to satisfy its obligations under the Securities.

Since November 2014, the European Central Bank ("**ECB**") has taken over the prudential supervision of significant credit institutions in the member states of the Eurozone under the SSM. In addition, a SRM has been put in place to ensure that the resolution of banks across the Eurozone is harmonised. As mentioned above, the SRM is managed by the SRB. Under Article 5(1) of the SRM Regulation, the SRM has been granted those responsibilities and powers granted to the member states' resolution authorities under the BRRD for those banks subject to direct supervision by the ECB. The ability of the SRB to exercise these powers came into force at the start of 2016.

BNPP has been designated as a significant supervised entity for the purposes of Article 49(1) of the SSM Regulations and is consequently subject to the direct supervision of the ECB in the context of the SSM. This means that BNPP is also subject to the SRM which came into force in 2015. The SRM Regulation mirrors the BRRD and, to a large part, refers to the BRRD so that the SRB is able to apply the same powers that would otherwise be available to the relevant national resolution authority.

#### *Implementation of BRRD in The Netherlands*

The BRRD was adopted by the European Council on 6 May 2014. Member States should have implemented the BRRD by 1 January 2015 (except for the bail-in tool which should have been implemented by 1 January 2016). On 26 November 2015, the BRRD was implemented in the Netherlands. As an exempt group finance company, BNPP B.V. is not subject to the Dutch implementing rules of the BRRD, nor is BNPP.

#### *French Insolvency Law*

Under French insolvency law holders of debt securities are automatically grouped into a single assembly of holders (the "**Assembly**") in order to defend their common interests if a safeguard procedure (*procédure de sauvegarde*), accelerated safeguard (*procédure de sauvegarde accélérée*), accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Securities), whether or not under a debt issuance programme and regardless of their ranking and their governing law.

The Assembly deliberates on the proposed safeguard plan (*projet de plan de sauvegarde*), is proposed accelerated safeguard (*projet de plan de sauvegarde accélérée*), proposed accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) or proposed judicial reorganisation plan (*projet de plan de redressement*) applicable to BNPP and may further agree to:

- increase the liabilities (charges) of holders of debt securities (including the Holders) by rescheduling payments which are due and/or partially or totally writing-off receivables; and/or
- establish an unequal treatment between holders of debt securities (including the Holders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Securities) into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-thirds majority (calculated as a proportion of the amount of debt securities held by the holders expressing a vote). No quorum is required to hold the Assembly.

For the avoidance of doubt, the provisions relating to the *Masse* and the General Meeting of the Holders set out in the Conditions will not be applicable in these circumstances, to the extent they conflict with mandatory insolvency law provisions applicable.

### *Change of Law*

The Conditions of the English Law Securities are based on English law in effect as at the date of this Base Prospectus. The Conditions of the French Law Securities are based on French law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to an administrative practice or change to English law or French law, as applicable, after the date of this Base Prospectus and any such change could materially adversely impact the value of any Securities affected by it.

### *Termination of Securities in the Event of Illegality or Impracticability*

If the Issuer determines that the performance of its obligations under the Securities has become illegal or impracticable in whole or in part for any reason, the Issuer may cancel, in the case of Warrants, or redeem, in the case of Notes and Certificates, the Securities by paying to each Holder the fair market value of such Securities less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements. Such cancellation or redemption may result in an investor not realising a return on an investment in the Securities.

### *Post-issuance Information*

Save as set out in the applicable Final Terms, the relevant Issuer will not provide post-issuance information in relation to the Underlying Reference. In such an event, investors will not be entitled to obtain such information from the relevant Issuer.

## **2. Product Specific Risk Factors**

### *Certain Considerations Associated with Index Securities*

An investment in Index Securities will entail significant risks not associated with an investment in a conventional debt security. On redemption or exercise, as the case may be, of Index Securities, Holders will receive an amount (if any) determined by reference to the value of the underlying index/indices. Such underlying index may be a well known and widely published index or an index which may not be widely published or available. The index may reference, *inter alia*, equities, bonds, currency exchange rates, or other securities or it may be a property index referencing certain property price data which will be subject to market price fluctuations, or reference a number of different assets or indices. A property index may include valuations only and not actual transactions and the property data sources used to compile the index may be subject to change, which may adversely affect the return on the Securities. Linked Interest Certificates which are Index Securities pay interest calculated by reference the value of the underlying index/indices.

Index Securities linked to a custom index are linked to a proprietary index which may be sponsored and/or calculated by BNPP or one of its Affiliates. Pursuant to the operational rules of the relevant custom index, the custom index is scheduled to be calculated on a periodic basis (for example on each weekday). In the event that one of the levels, values or prices of a component included in the custom index is not available for any reason on a relevant day of calculation (i.e. either because it is a non-scheduled trading day in respect of that index component or that index component is subject to a market disruption or otherwise), then the Calculation Agent of the custom index may, but is not obliged to, calculate the level of the custom index on that day by taking a value for the affected index component from the first preceding day on which a level for such affected index component was available.

For the avoidance of doubt, the relevant Issuer and/or its Affiliates may not be able to trade on and hedge its obligations in respect of the index (including custom indices) under the Securities notwithstanding the calculation or publication of the level of such index. In the event that any relevant date for valuation is a Disrupted Day for such index, that valuation date shall be the first succeeding day that is not a Disrupted Day and on which the Issuer or relevant affiliate is able to trade on and hedge its obligations in respect of the custom index, subject to a specified maximum days of disruption, as more fully set out in the Conditions. Where this occurs on (i) the Strike Date for valuation, the Calculation Agent will not be able to determine the initial or strike level for such custom index or (ii) the final date for valuation, the Calculation Agent will not determine the final level for the index until such time as the disruption is no longer subsisting, or the specified maximum

days of disruption has elapsed, whichever is sooner. Investors should be aware that any delay to the determination of the final level of the index may result in a delay in the payment of the Cash Settlement Amount, Redemption Amount or Final Redemption Amount, as applicable.

#### *Certain Considerations Associated with Share Securities*

An investment in Share Securities will entail significant risks not associated with an investment in a conventional debt security. On redemption or exercise, as the case may be, of Share Securities, Holders will receive an amount (if any) determined by reference to the value of the share(s), GDRs and/or ADRs and/or the physical delivery of a given number of share(s), GDRs and/or ADRs. Accordingly, an investment in Share Securities may bear similar market risks to a direct equity investment and investors should take advice accordingly. Share Linked Interest Notes or Certificates pay interest calculated by reference to the value of the underlying share(s), GDRs and/or ADRs.

In the case of Share Securities, no issuer of the underlying shares will have participated in the preparation of the relevant Final Terms or in establishing the terms of the Securities, and none of the Issuer, the Guarantor (if applicable) or any Manager will make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer of shares contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available information described in this paragraph or in any relevant Final Terms) that would affect the trading price of the share, GDRs and/or ADRs will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of shares could affect the trading price of the share, GDRs and/or ADRs and therefore the trading price of the Securities.

Except as provided in the Conditions, Holders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant shares to which such Securities relate.

#### *Certain Considerations Associated with ETI Securities*

An investment in ETI Securities will entail significant risks not associated with an investment in a conventional debt security. On redemption or exercise, as the case may be, of ETI Securities, Holders will receive an amount (if any) determined by reference to the value of the interests in exchange traded instruments or a basket of interests in exchange traded instruments and/or the physical delivery of a given number of interests in exchange traded instruments. Accordingly, an investment in ETI Securities may bear similar market risks to a direct exchange traded instrument investment, and investors should take advice accordingly. ETI Linked Interest Notes or Certificates pay interest calculated by reference to the value of the interests in exchange traded instruments or the basket of interests in exchange traded instruments.

Whilst interests in exchange traded instruments are traded on an exchange and are therefore valued in a similar manner as a share traded on an exchange, certain provisions related to ETI Securities are similar to the provisions related to funds and Fund Securities.

In the case of ETI Securities, no ETI will have participated in the preparation of the relevant Final Terms or in establishing the terms of the Securities, and none of the Issuer, the Guarantor (if applicable) or any Manager will make any investigation or enquiry in connection with such offering with respect to any information concerning any such exchange traded instrument contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available information described in this paragraph or in any relevant Final Terms) that would affect the trading price of the interests in the exchange traded instrument will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an exchange traded instrument could affect the trading price of interests in the exchange traded instruments and therefore the trading price of the Securities. ETI Securities do not provide Holders with any participation



rights in the underlying ETI(s) and, except in certain circumstances in the case of Physical Delivery Securities, do not entitle holders of ETI Securities to any ownership interest or rights in such ETI(s).

Except as provided in the Conditions, Holders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant exchange traded instruments to which such Securities relate.

#### *Certain Considerations Associated with Debt Securities*

An investment in Debt Securities will entail significant risks not associated with an investment in a conventional debt security. On redemption or exercise, as the case may be, of Debt Securities, Holders will receive an amount (if any) determined by reference to the price or yield of the underlying debt instrument(s) (as specified in the applicable Final Terms) and/or the physical delivery of a given number of debt instrument(s). Accordingly, an investment in Debt Securities may bear similar market risks to a direct debt instrument investment, and investors should take advice accordingly. Debt Linked Interest Notes or Certificates pay interest calculated by reference to the price or yield of the underlying debt instrument(s) (as specified in the applicable Final Terms).

#### *Certain Considerations Associated with Commodity Securities*

An investment in Commodity Securities will entail significant risks not associated with an investment in a conventional debt security. On redemption or exercise, as the case may be, of Commodity Securities, Holders will receive an amount (if any) determined by reference to the value of the commodity, commodity index, commodities and/or commodity indices. Accordingly, an investment in Commodity Securities may bear similar market risks to a direct commodity investment, and investors should take advice accordingly. Commodity Linked Interest Notes or Certificates pay interest calculated by reference to the value of the underlying commodity, commodity index, commodities and/or commodity indices.

Where the Securities are linked to a commodity index, such commodity index may be a well-known and widely available commodity index (such as the S&P GSCI<sup>®</sup>) or a commodity index which may be less well known (such as a commodity index composed by the relevant Issuer) in which case information (including past performance) may be less readily available. The commodity index may be comprised of futures contracts, mono-indices, or other commodity indices, which may be proprietary. Commodity Securities may be linked to a commodity index which may be sponsored and/or calculated by BNP Paribas or one of its Affiliates. Pursuant to the operational rules of the relevant commodity index, the commodity index is scheduled to be calculated on a periodic basis (for example on each weekday). In the event that one of the levels, values or prices of a component included in the commodity index is not available for any reason on a relevant day of calculation including, without limitation, (a) where it is not a business day in respect of that commodity index component or (b) that commodity index component is subject to a market disruption event, then the calculation agent of the commodity index may, but is not obliged to, calculate the level of the commodity index for the relevant day by taking a value for the affected index component on the first day following the end of a specified maximum days of disruption based on the price at which it is able to sell or otherwise realise any hedge position. Such an occurrence may potentially result in a delay in the publication of the commodity index and the level of the commodity index may be affected.

The relevant Issuer and/or its Affiliates may not be able to hedge its obligations in respect of the commodity index under the Securities notwithstanding the calculation and publication of the level of the commodity index. In the event that a Market Disruption Event is occurring on any relevant date for valuation, that valuation date will be postponed until the first succeeding day that is not a Commodity Disrupted Day, subject to a specified maximum days of disruption, as more fully set out in the Conditions. Where this occurs on (i) the Initial Pricing Date or Strike Date for valuation, the Calculation Agent will be unable to determine the initial or strike level for the commodity index and (ii) on the final date for valuation, the Calculation Agent will be unable to determine the final level for the commodity index, until either the Market Disruption Event has ceased or the specified maximum days of disruption have elapsed, whichever is sooner. Investors should be aware that any delay to the determination of the final level of the commodity index may result in a delay in the payment of the Cash Settlement Amount, Redemption Amount or Final Redemption Amount, as applicable.

*Certain Additional Considerations Associated with Index Securities or Commodity Securities valued by reference to Futures Contracts where Futures Price Valuation is specified as applicable*

Financial futures contracts are standardised futures transactions that are linked to financial instruments (e.g. stocks, bonds, indices, interest rates and foreign currencies). Commodity futures contracts are standardised futures transactions that are linked to commodities (e.g. mineral commodities, agricultural products and precious metals). A futures transaction constitutes the contractual obligation to buy or sell a certain amount or number of the respective underlying at a fixed price and at a predetermined future point in time. Futures contracts are traded on futures exchanges and standardised for this purpose with respect to their contract size, the nature and quality of the underlying as well as delivery places and dates, if any. Generally, there is a strong correlation between the price development of an underlying financial instrument or commodity (each or "**underlying**") on the spot market and the corresponding futures exchange. However, the price of a futures contract will generally be traded at a premium on, or discount from, the spot price of the underlying. This discrepancy is due to such factors as (i) the need to adjust the spot price due to related expenses (e.g. in the case of commodities, warehousing, transport and insurance costs) and (ii) different methods being used to evaluate general factors affecting the spot and the futures markets. In addition, and depending on the underlying, there can be significant differences in the liquidity of the spot and the futures markets.

Investment in futures contracts involves certain other risks, including potential illiquidity. A holder of a futures position may find that such position becomes illiquid because certain exchanges limit fluctuations in such futures contract prices pursuant to "daily limits". Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, contracts can neither be bought nor sold unless holders are willing to trade at or within the limit. This could prevent a holder from promptly liquidating unfavourable positions and subject it to substantial losses. For example, futures contract prices in various underlyings occasionally exceed the daily limit for several days with little or no trading. Such losses could have an adverse effect on the return of Securities linked to the affected futures contracts. Any illiquidity disruption or force majeure event (such as an act of God, fire, flood, severe weather conditions, act of governmental authority or a labour dispute or shortage) is likely to have an adverse effect on the value of or trading in the underlying or futures contracts on such underlying and adversely affect the value of the Securities.

Where the Securities are linked to the exchange price of a futures contract, knowledge of the market of the underlying to which the futures contract is linked as well as of the functioning and evaluation factors of futures contracts is necessary to make a valid assessment of the risks associated with the purchase of these Securities.

In the case of Index Securities where Futures Price Valuation is applicable, the Securities are exposed to a futures or options contract relating to an index and bear similar market risks to a direct investment in such futures or options contract.

*Certain Additional Considerations Associated with Rolling Futures Contract Securities*

Futures contracts have a predetermined expiration date. Holding a futures contract until expiration will result in delivery of the physical underlying or the requirement to make or receive a cash settlement amount. Rolling Futures Contract Securities are valued by reference to futures contracts that have a delivery or expiry month that do not correspond with the term of the Securities. Consequently the futures contracts are "rolled" which means that the futures contract that is nearing expiration (the "**near-dated futures contracts**") is sold before it expires and a futures contract that has an expiration date further in the future (the "**longer-dated futures contracts**") is purchased ("**Rolling**"). In order to maintain an ongoing exposure to such underlyings Rolling of the applicable futures contracts is applied.

An investment in futures contracts where the future is a commodity may increase or decrease through Rolling. Where the price of a near-dated futures contract is greater than the price of the longer-dated futures contract (the underlying is said to be in "**backwardation**"), then Rolling from the former to the latter will result in greater exposure to the longer-dated futures contract. Therefore, any loss or gain on the new positions will be greater than if an investor had synthetically held the same number of underlying contracts as before the Rolling. Conversely, where the price of the near-dated futures contract is lower than the price of the longer-dated futures contract (the underlying is said to be in "**contango**") then

Rolling will result in less exposure to the longer-dated futures contract. Therefore, any gain or loss on the new positions will be less than if an investor had synthetically held the same number of underlying contracts as before the Rolling.

Depending on whether the Securities are synthetically "long" or "short" the relevant futures contract, where a futures contract is in contango, this is expected to (though may not) have a negative (in the case of a "long" position) or positive (in the case of a "short" position) effect over time on the value of the Securities. Where a futures contract is in backwardation this is expected to (though may not) have a positive (in the case of a "long" position) or negative (in the case of a "short" position) effect over time on the value of the Securities. Where an underlying contract is in contango, then the price of the longer-dated underlying contract will be expected to (but may not) decrease over time as it nears expiry. In such event, Rolling is expected to have a negative effect (in the case of a "long" position) or positive (in the case of a "short" position) on an investment in the underlying contract. Where an underlying contract is in backwardation, then the price of the longer-dated underlying contract is expected to (but may not) increase over time as it nears expiry. In such event, Rolling is expected to have a positive (in the case of a "long" position) or negative (in the case of a "short" position) effect on an investment in the underlying contract.

If, on any Futures Rollover Date (as defined below), a Market Disruption Event (as defined in Commodity Security Condition 1), a Commodity Index Adjustment Event (as defined in Commodity Security Condition 4) or a Non-Commencement or Discontinuance of the Exchange-traded Contract (as defined in Index Security Condition 9.1), as applicable, occurs and it is impossible or materially impracticable for the Calculation Agent to select a futures contract and/or at such time hedge the relevant Issuer's obligations in respect of the Securities then:

- (i) in the case of an Index Security that is a Rolling Futures Contract Security:
  - (a) in the case of Warrants, the relevant Issuer may cancel the Warrants by giving notice to Holders in accordance with W&C Security Condition 10. If the Warrants are so cancelled, the relevant Issuer will pay an amount to each Holder in respect of each Warrant, or if Units are specified in the applicable Final Terms, each Unit being cancelled at an amount equal to the fair market value of a Warrant or a Unit, as the case may be, taking into account the Non-Commencement or Discontinuance of the Exchange-traded Contract, less the cost to the relevant Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with W&C Security Condition 10; or
  - (b) in the case of Notes and Certificates:
    - (A) unless Delayed Redemption on Occurrence of Index Adjustment Event is specified as being applicable in the applicable Final Terms, the relevant Issuer may redeem the Notes or Certificates by giving notice to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable. If the Securities are so redeemed the relevant Issuer will pay an amount to each Holder in respect of each Security being redeemed at an amount equal to the fair market value of a Security taking into account the Non-Commencement or Discontinuance of the Exchange-traded Contract, less the cost to the relevant Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable; or
    - (B) if Delayed Redemption on Occurrence of Index Adjustment Event is specified as being applicable in the applicable Final Terms, the Calculation Agent shall calculate the fair market value of each Security taking into account the Non-Commencement or Discontinuance of the Exchange-traded Contract less the cost to the relevant Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Contract Adjustment**

**Amount**") as soon as practicable following the occurrence of the Non-Commencement or Discontinuance of the Exchange-traded Contract (the "**Calculated Contract Adjustment Amount Determination Date**") and on the Redemption Date (in the case of Certificates) or the Maturity Date (in the case of Notes) shall redeem each Security at an amount calculated by the Calculation Agent equal to (x) the Calculated Contract Adjustment Amount plus interest accrued from and including the Calculated Contract Adjustment Amount Determination Date to but excluding the Redemption Date (in the case of Certificates) or the Maturity Date (in the case of Notes) at a rate equal to Issuer's funding cost at such time or (y) if Principal Protected Termination Amount is specified as being applicable in the applicable Final Terms and if greater, the Notional Amount (in the case of Certificates) or at its nominal amount (in the case of Notes); or

- (ii) in the case of a Commodity Security that is a Rolling Futures Contract Security, the relevant Issuer may take such actions as described in Commodity Security Condition 3 (Consequences of a Market Disruption Event and Disruption Fallbacks) and Commodity Security Condition 4 (Adjustments to a Commodity Index), as applicable (see "*Market Disruption Events relating to Commodity Securities*" and "*Adjustment Events relating to Commodity Index Securities*" below).

Rollover ("**Rollover**") will be effected on the relevant day specified in the Final Terms (the "**Futures Rollover Date**") within a certain time frame shortly before the expiration date of the current futures contract. Consequently on any Futures Rollover Date, the relevant Issuer will liquidate its positions assumed through the corresponding hedging arrangements in relation to the existing futures contract whose expiration is imminent and will assume corresponding positions in relation to a new futures contract having identical terms but with a different maturity selected by it acting in good faith and in a commercially reasonable manner.

At each Rollover there may be expenses incurred in replacing the futures contract which may have an adverse effect on the return on the Securities.

Prospective purchasers should be aware that in respect of Rolling Futures Contract Securities, the price difference between the futures involved in each Rollover may have a negative effect on the value of the securities and in the long term be higher than the positive performance of the underlying and result in a total loss of the investment in the Securities. Rolling Futures Contract Securities may not be suitable for investors who intend to invest medium to long term.

#### *Certain Considerations Associated with Inflation Index Securities*

An investment in Inflation Index Securities will entail significant risks not associated with an investment in a conventional debt security. On redemption or exercise, as the case may be, of Inflation Index Securities, Holders will receive an amount (if any) determined by reference to the value of the underlying inflation index/indices. Inflation Index Linked Interest Notes or Certificates pay interest calculated by reference to the value of the underlying inflation index/indices.

#### *Certain Considerations Associated with Currency Securities*

An investment in Currency Securities will entail significant risks not associated with an investment in a conventional debt security. On redemption or exercise, as the case may be, of Currency Securities, Holders will receive an amount (if any) determined by reference to the value of the currency/currencies and/or the physical delivery of a given amount of a currency or currencies. Accordingly, an investment in Currency Securities may bear similar market risks to a direct currency investment, and investors should take advice accordingly. Currency Linked Interest Notes or Certificates pay interest calculated by reference to the value of the underlying currency/currencies.

Fluctuations in exchange rates of the relevant currency (or basket of currencies) will affect the value of Currency Securities. Furthermore, investors who intend to convert gains or losses from the exercise, redemption or sale of Currency Securities into their home currency may be affected by fluctuations in exchange rates between their home currency and the

relevant currency (or basket of currencies). Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value of a currency (or basket of currencies), regardless of other market forces. Purchasers of Currency Securities risk losing their entire investment if exchange rates of the relevant currency (or basket of currencies) do not move in the anticipated direction.

If additional warrants, securities or options relating to particular currencies or particular currency indices are subsequently issued, the supply of warrants and options relating to such currencies or currency indices, as applicable, in the market will increase, which could cause the price at which the Securities and such other warrants, securities and options trade in the secondary market to decline significantly.

#### *Certain Considerations Associated with Fund Securities*

An investment in Fund Securities will entail significant risks not associated with an investment in a conventional debt security. On redemption or exercise, as the case may be, of Fund Securities, Holders will receive an amount (if any) determined by reference to the value of the fund shares and/or the physical delivery of a given number of fund shares or units. Accordingly, an investment in Fund Securities may bear similar market risks to a direct fund investment, and investors should take advice accordingly. Fund Linked Interest Notes or Certificates pay interest calculated by reference to the value of the underlying fund shares or units. The price of units or shares in a fund may be affected by the performance of the fund service providers, and in particular the investment adviser.

No Fund Service Provider will have participated in the preparation of the relevant Final Terms or in establishing the terms of the Fund Securities, and none of the Issuer, the Guarantor (if applicable) or any Manager will make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer of fund shares or units contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available information described in this paragraph or in any relevant Final Terms) that would affect the trading price of the fund shares or units will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of fund shares or units could affect the trading price of the fund shares or units and therefore the trading price of the Securities. Fund Securities do not provide Holders with any participation rights in the underlying Fund(s) and except in certain circumstances in the case of Physical Delivery Securities, do not entitle holders of Fund Securities to any ownership interest or rights in such Fund(s).

Except as provided in the Conditions, Holders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant fund shares or units to which such Securities relate.

#### *Certain Considerations Associated with Futures Securities*

An investment in Futures Securities will entail significant risks not associated with an investment in a conventional debt security. On redemption or exercise, as the case may be, of Futures Securities, Holders will receive an amount (if any) determined by reference to the value of the futures contract or basket of futures contracts. Accordingly, an investment in Futures Securities may bear similar market risks to a direct futures contract investment, and investors should take advice accordingly. Futures Linked Interest Certificates pay interest calculated by reference to the value of the underlying futures contract or basket of futures contracts.

#### *Additional Risk Factors for Credit Securities*

The Issuer may issue Notes ("**Credit Notes**"), Certificates ("**Credit Certificates**") or Warrants ("**Credit Warrants** and, together with Credit Notes and Credit Certificates, "**Credit Securities**") where the amount payable is dependent upon whether certain events ("**Credit Events**") have occurred and a related Event Determination Date has occurred in respect of one or more Reference Entities and, if so, on the value of certain specified assets of such Reference Entity/Entities or (in the case of Credit Notes and Credit Certificates only) where, if such events have occurred, such Issuer's obligation is to

deliver certain specified assets. Credit Notes and Credit Certificates are Securities in respect of which the relevant Issuer has effectively bought protection on one or more Reference Entities from the Holders and payments on such Securities will depend on the occurrence of a Credit Event and related Event Determination Date with respect to such Reference Entity or Entities (as applicable).

The price of such Credit Securities may be volatile and will be affected by, amongst other things, the time remaining to the scheduled maturity date, scheduled redemption date or scheduled expiration date of the Credit Securities and the creditworthiness of the Reference Entity or Reference Entities, which in turn may be affected by the economic, financial and political events in one or more jurisdictions.

In purchasing Credit Securities, investors assume credit exposure to both the specified Reference Entity or Reference Entities and the Issuer (and the Guarantor, if applicable) of the Credit Securities. The credit risk to investors may further be increased if the specified Reference Entity or Reference Entities are concentrated in the same industry sector or geographic area as the Issuer (or the Guarantor, if applicable).

Where the Credit Securities provide for physical delivery, the relevant Issuer may determine that the specified assets to be delivered are either (a) assets which for any reason (including, without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the delivery of assets which are loans) it is impossible or illegal to deliver on the specified settlement date or (b) assets which the relevant Issuer and/or any Affiliate has not received under the terms of any transaction entered into by the relevant Issuer and/or such Affiliate to hedge such Issuer's obligations in respect of the Credit Securities. Any such determination may delay settlement in respect of the Credit Securities and/or cause the obligation to deliver such specified assets to be replaced by an obligation to pay a cash amount which, in either case, may affect the value of the Credit Securities and, in the case of payment of a cash amount, will affect the timing of the valuation of such Credit Securities and, as a result, the amount payable on redemption. Prospective purchasers should review the Conditions and the applicable Final Terms to ascertain whether and how such provisions should apply to the Credit Securities.

The relevant Issuer's obligations in respect of Credit Securities are irrespective of the existence or amount of the relevant Issuer's and/or any Affiliates' credit exposure to a Reference Entity, and the relevant Issuer and/or any Affiliate need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event and related Event Determination Date.

#### *Holders are exposed to risk on Reference Entities*

The holders of Credit Securities will be exposed to the credit risk of one or more Reference Entities, which exposure shall be to the full extent of their investment in such Credit Securities. Upon the occurrence of any of the default or other events comprising a Credit Event and related Event Determination Date with respect to any Reference Entity, the Holders may suffer significant losses at a time when losses may be suffered by a direct investor in obligations of such Reference Entity. However, the holding of a Credit Security is unlikely to lead to outcomes which exactly reflect the impact of investing in an obligation of a Reference Entity, and losses could be considerably greater than would be suffered by a direct investor in the obligations of a Reference Entity and/or could arise for reasons unrelated to such Reference Entity. Holders should also note that a Credit Event may occur even if the obligations of a Reference Entity are unenforceable or their performance is prohibited by any applicable law or exchange controls.

Where Cash Settlement or Auction Settlement applies, the occurrence of a Credit Event and related Event Determination Date in relation to any Reference Entity from time to time may result in a redemption of the Credit Notes or Credit Certificates in a reduced redemption amount or at zero, and, (if applicable) in a reduction of the amount on which interest is calculated. Where Physical Settlement applies, the occurrence of a Credit Event and related Event Determination Date may result in the redemption of the Credit Notes or Credit Certificates based on the valuation (or by delivery) of certain direct or indirect obligations of the affected Reference Entity, which obligations are likely to have a market value which is substantially less than their par amount.

The holders of Credit Warrants are exposed to the risk that a Credit Event and related Event Determination Date does not occur during the term of the Credit Warrants, in which case, the Credit Warrants may expire without payment.

Investors in the Credit Securities are exposed, as to their initial investment, the redemption amount (if applicable) and interest (if applicable), to the credit risk of the Reference Entity and the Issuer (and, if applicable, the Guarantor). The maximum loss to an investor in the Credit Securities is 100 per cent. of their initial investment, together with (if applicable) any interest amounts.

*A Credit Event may occur prior to the Trade Date*

Holders of Credit Notes or Credit Certificates may suffer a loss of some or all of the redemption amount of the Credit Notes or Credit Certificates in respect of one or more Credit Events that occur prior to the Trade Date or the Issue Date, if the Credit Event Backstop Date is specified as a date falling prior to such date. Accordingly, the Holder of Credit Notes or Credit Certificates will be exposed to the risk of the occurrence of any Credit Event after the applicable Credit Event Backstop Date even if it occurs prior to the Issue Date, which may be several weeks after the Trade Date. If the Reference Entity suffers a Credit Event prior to the Issue Date (or if the Credit Event Backstop Date is specified as a date falling on or after the Issue Date, on or after such date), and a Credit Event Notice, and a Notice of Publicly Available Information (if applicable) are properly delivered, which may occur on or shortly after the Issue Date of the Credit Notes or Credit Certificates, such Credit Notes or Credit Certificates will be subject to exercise, at or shortly after the Issue Date. No interest will accrue on such Credit Notes or Credit Certificates. Neither the Calculation Agent or the relevant Issuer nor any of their respective Affiliates has any responsibility to inform any Holder, or avoid or mitigate the effects of a Credit Event that has taken place prior to the Trade Date or the Issue Date.

*Increased credit risks associated with Nth-to-Default Credit Notes or Credit Certificates*

Where the Credit Notes or Credit Certificates are Nth-to-Default Credit Notes or Nth-to-Default Credit Certificates, the Credit Notes or Credit Certificates will be subject to redemption in full as described above upon the occurrence of a Credit Event and related Event Determination Date in relation to the nth Reference Entity. The credit risk to Holders may therefore be increased as a result of the concentration of Reference Entities in a particular industry sector or geographic area or the exposure of the Reference Entities to similar financial or other risks.

*Credit risk may be increased where Reference Entities are concentrated in a particular Sector or region*

Where the Credit Notes or Credit Certificates are Nth-to-Default Credit Notes or Nth-to-Default Credit Certificates or Basket Credit Securities, the credit risk to investors in the Credit Notes or Credit Certificates may be increased, amongst other things, as a result of the concentration of Reference Entities in a particular industry sector or geographic area, or the exposure of the Reference Entities to similar financial or other risks as other Reference Entities.

*Holders' increased risks associated with Tranching Credit Securities*

Tranching Credit Securities create leveraged exposure to the credit risk of the Reference Entities as the implicit portfolio size is significantly larger than the aggregate nominal or notional amount of the Credit Securities. Investors can lose a significant part or all of their investment even if a Credit Event and related Event Determination Date occurs in respect of only one or a few of the Reference Entities set out in the Relevant Annex. The value of the Tranching Credit Securities may be more volatile and credit losses in respect of the Tranching Credit Securities may be greater than would be the case in the absence of such leverage. The value of the Tranching Credit Securities may also be adversely affected by changes in the relative value of different tranches of credit risk set out in the Relevant Annex. Such relative value changes may occur as a result of, for example, changes in assumptions by market participants to model the credit risk, correlation between the Reference Entities, as well as changes in the supply of and demand for credit protection in relation to each such tranche.

*Issuer and Calculation Agent will act in their own interests*

Each of the Issuer and the Calculation Agent will exercise its rights under the terms of the Credit Securities, including in particular the right to designate a Credit Event and related Event Determination Date and the right to select obligations of the affected Reference Entity for valuation or in respect of the Credit Notes or Credit Certificates, delivery, in its own interests and those of its Affiliates, and not in the interests of investors in the Credit Securities. The exercise of such rights in such manner, for example by the selection of the eligible obligations of the Reference Entity having (i) in the case of Credit Notes and Credit Certificates, the lowest possible market value for valuation or delivery, as applicable, may result in an increased credit loss for holders of the Credit Certificates; or (ii) in the case of Credit Warrants, the highest possible market value for valuation in respect of Credit Warrants, may result in an lower amount payable to the holder of the Credit Warrants. The exercise of such discretion by the Issuer or Calculation Agent could adversely affect (i) the value of the amount in cash, if any, which will be paid in respect of any Credit Securities on the applicable scheduled maturity date, scheduled redemption date or scheduled expiration date, if any, or (ii) in the case of Credit Notes or Credit Certificates, the market value of the portfolio of obligations the relevant Issuer will Deliver.

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent shall (in the absence of manifest error) be final and binding on the Holders. In performing its duties pursuant to the Credit Securities and making any determinations expressed to be made by it, for example, as to substitute Reference Obligations or Successors, the Calculation Agent may act in its sole and absolute discretion and is under no obligation to act in the interests of the Holders, nor will it be liable to account for any profit or other benefit which may accrue to it as a result of such determinations. The Calculation Agent is not bound to follow, or act in accordance with, any determination of the relevant Credit Derivatives Determinations Committee.

*Actions of Reference Entities may affect the value of the Credit Securities*

Actions of Reference Entities (for example, merger or demerger or the repayment or transfer of indebtedness) may adversely affect the value of the Credit Securities. Holders of the Credit Securities should be aware that the Reference Entities to which the value of the Credit Securities is exposed, and the terms of such exposure, may change over the term of the Credit Securities.

*Suspension of Obligations will suspend payment of principal and interest*

If the Calculation Agent determines that, under the terms of the Credit Securities, the obligations of the parties would be suspended pending a resolution of a Credit Derivatives Determination Committee all of the obligations of the relevant Issuer under each Credit Security (including any obligation to deliver any notices, pay any interest, principal or settlement amount or to make any delivery) and if so specified in the Final Terms, all of the obligations of the relevant Calculation Agent to calculate any interest under each Credit Security shall, be and remain suspended until ISDA publicly announces that the relevant Credit Derivatives Determination Committee has resolved the matter in question or not to determine such matters. The Calculation Agent will provide notice of such suspension as soon as reasonably practicable; however, any failure or delay by the Calculation Agent in providing such notice will not affect the validity or effect of such suspension. No interest shall accrue on any payments which are suspended in accordance with the above.

*Use of Auction Settlement may adversely affect returns to Holders*

Where the Credit Securities are redeemed following the occurrence of a Credit Event and related Event Determination Date by reference to an auction sponsored by ISDA, the relevant Issuer or its Affiliates may act as a participating bidder in any such auction and, in such capacity, may take certain actions which may influence the Auction Final Price including (without limitation) submitting bids, offers and physical settlement requests with respect to the obligations of the Reference Entity. If the relevant Issuer or its Affiliates participate in an Auction, then they will do so without regard to the interests of Holders, and such participation may have a material adverse effect on the outcome of the relevant Auction and/or on the Credit Securities. Holders will have no right to submit bids and/or offers in an Auction.



The Auction Final Price determined pursuant to an auction may be less than the market value that would otherwise have been determined in respect of the specified Reference Entity or its obligations. In particular, the Auction process may be affected by technical factors or operational errors which would not otherwise apply or may be the subject of actual or attempted manipulation. Auctions may be conducted by ISDA or by a relevant third party. Neither the Calculation Agent, the relevant Issuer nor any of their respective Affiliates has any responsibility for verifying that any auction price is reflective of current market values, for establishing any auction methodology or for verifying that any auction has been conducted in accordance with its rules. The relevant Issuer will have no responsibility to dispute any determination of an Auction Final Price or to verify that any Auction has been conducted in accordance with its rules.

Following an M(M)R Restructuring Credit Event in relation to which ISDA sponsors multiple concurrent auctions, but where there is no relevant auction relating to credit derivative transactions with a maturity corresponding to the Credit Securities, if the Calculation Agent exercises the right of the buyer or, as the case may be, seller of credit risk protection under the Credit Securities to elect that the Auction Final Price is determined by reference to an alternative Auction, the Auction Final Price so determined may be lower (in the case of Credit Notes or Credit Certificates) or higher (in the case of Credit Warrants) than the amount which would have been determined based on quotations sought from third party dealers, thereby reducing the amount payable to Holders.

*Use of Cash Settlement may adversely affect returns to Holders*

If the Credit Securities are cash settled, then, following the occurrence of a Credit Event and related Event Determination Date, the Calculation Agent will be required to seek quotations in respect of selected obligations of the affected Reference Entity. Quotations obtained will be (i) in the case of Credit Notes and Credit Certificates, "bid-side" - that is, they will be reduced to take account of a bid-offer spread charged by the relevant dealer; or (ii) in the case of Credit Warrants, "offer-side". Such quotations may not be available, or the level of such quotations may be substantially reduced or may vary substantially as a result of illiquidity in the relevant markets or as a result of factors other than the credit risk of the affected Reference Entity (for example, liquidity constraints affecting market dealers). Accordingly, any quotations so obtained may be significantly different from the value of the relevant obligation which would be determined by reference to (for example) the present value of related cash flows. Quotations will be deemed to be zero in the event that no such quotations are available.

*"Cheapest-to-Deliver" risk for Credit Notes and Credit Certificates and conversely for Credit Warrants*

Since the Issuer, as buyer of protection in respect of the Credit Notes or Credit Certificates has discretion to choose the portfolio of obligations and/or assets to be valued or delivered following a Credit Event and related Event Determination Date in respect of a Reference Entity, it is likely that the portfolio of obligations and/or assets selected will be obligations of the Reference Entity and/or assets with the lowest market value that are permitted to be selected pursuant to the terms of the Credit Securities. This could result in a lower recovery value and hence greater losses for investors in the Credit Notes or Credit Certificates.

Conversely, the Issuer as seller of protection in respect of the Credit Warrants has discretion to choose the portfolio of obligations and/or assets to be valued following a Credit Event and related Event Determination Date in respect of a Reference Entity, and it is likely that the portfolio of obligations and/or assets selected will be obligations of the Reference Entity and/or assets with the highest market value that are permitted to be selected pursuant to the terms of the Credit Warrants. This could result in a higher recovery value and hence a lower settlement amount for investors in the Credit Warrants.

*Asset Package Delivery risks*

The 2014 Definitions introduced the concept of asset package delivery. In certain circumstances where (a) "Financial Reference Entity Terms" and "Governmental Intervention" applies in respect of a Reference Entity and (i) there is a Governmental Intervention Credit Event; or (ii) a Restructuring Credit Event in respect of the Reference Obligation where such Restructuring does not constitute a Governmental Intervention or (b) a Restructuring Credit Event in respect of a

Sovereign, then a related asset package resulting from a prior deliverable obligation (where "Financial Reference Entity Terms" apply) or package observable bond (where the Reference Entity is a sovereign) may also be deliverable. The asset package would be treated as having the same outstanding principal as the corresponding prior deliverable obligation or package observable bond.

If the resulting asset package is deemed to be zero where there are no resulting assets, the related credit loss will be 100 per cent. notwithstanding the recovery value on any other obligations of the Reference Entity.

The risk factors "*Use of Auction Settlement may adversely affect returns to Holders*" and "*Cheapest-to-Deliver risk for Credit Notes and Credit Certificates and conversely for Credit Warrants*" above would apply to any asset or asset package.

If an asset in the asset package is a non-transferable instrument or non-financial instrument, the value of such asset will be the market value determined by reference to a specialist valuation or in accordance with methodology determined by the Credit Derivatives Determinations Committees. See "*Conflicts of Interest - Credit Derivatives Determinations Committees*" and "*Rights associated with Credit Derivatives Determinations Committees*" for risk factors relating to valuation in accordance with CDDC methodology.

#### *Risks associated with a specified Final Price*

If the Final Price is specified in the Final Terms in relation to Credit Securities, such fixed Final Price may be lower (and may be significantly lower) than the recovery which an investor in bonds or instruments issued by such Reference Entity would receive. Furthermore, where a specified Final Price is applicable, the market value of the Credit Securities may not reflect the market value of a credit default swap on the Reference Entity or any other products linked to or issued by the Reference Entity which may be significantly higher.

#### *The Issuer and Calculation Agent are not obliged to disclose information on Reference Entities*

The relevant Issuer and the Calculation Agent are not obliged to disclose to holders of the Credit Securities any information which they may have at the Issue Date or receive thereafter in relation to any Reference Entity.

#### *Risks may be compounded*

Various risks relating to the Credit Securities may be correlated or compounded and such correlation and/or compounding may result in increased volatility in the value of the Credit Securities and/or in increased losses for holders of the Credit Securities.

#### *The Issuer is not obliged to suffer any loss as a result of a Credit Event and related Event Determination Date*

Where the Credit Securities are Single Reference Entity Credit Notes or Single Reference Entity Credit Certificates, Nth-to-Default Credit Notes or Nth-to-Default Credit Certificates or Basket Credit Notes or Basket Credit Certificates, credit losses will be calculated for the purposes of the Credit Notes or Credit Certificates irrespective of whether the relevant Issuer or its Affiliates has suffered an actual loss in relation to the Reference Entity or any obligations thereof. The relevant Issuer is not obliged to account for any recovery which it may subsequently make in relation to such Reference Entity or its obligations.

#### *The Credit Securities do not represent an interest in obligations of Reference Entities*

The Credit Securities do not constitute an acquisition by the holders of the Credit Securities of any interest in any obligation of a Reference Entity and the Holders will not have any voting or other rights in relation to such obligation. The relevant Issuer does not grant any security interest over any such obligation.

*The value of the Credit Securities may be adversely affected by Illiquidity or Cessation of Indices*

In determining the value of the Credit Securities, dealers may take into account the level of a related credit index in addition to or as an alternative to other sources of pricing data. If any relevant index ceases to be liquid, or ceases to be published in its entirety, then the value of the Credit Securities may be adversely affected.

*Historical performance may not predict future performance*

Individual Reference Entities may not perform as indicated by the historical performance of similar entities and no assurance can be given with respect to the future performance of any Reference Entities. Historical default statistics may not capture events that would constitute Credit Events for the purposes of the Credit Securities.

*Limited provision of information about the Reference Entities*

This Base Prospectus does not provide any information with respect to the Reference Entities. Investors should conduct their own investigation and analysis with respect to the creditworthiness of Reference Entities and the likelihood of the occurrence of a Credit Event and related Event Determination Date or replacement of a Reference Entity with a Successor.

Reference Entities may not be subject to regular reporting requirements under United Kingdom securities laws. The Reference Entities may report information in accordance with different disclosure and accounting standards. Consequently, the information available for such Reference Entities may be different from, and in some cases less than, the information available for entities that are subject to the reporting requirements under the United Kingdom securities laws. None of the Issuers, the Calculation Agent or any of their respective Affiliates make any representation as to the accuracy or completeness of any information available with respect to the Reference Entities.

None of the Issuers, the Calculation Agent or any of their respective Affiliates will have any obligation to keep investors informed as to any matters with respect to the Reference Entities or any of their obligations, including whether or not circumstances exist that give rise to the possibility of the occurrence of a Credit Event and related Event Determination Date with respect to the Reference Entities or replacement of a Reference Entity with a Successor.

Prospective investors should note that in certain circumstances, there may be no requirement for the relevant Issuer to give information which is generally publicly available in relation to the occurrence of a Credit Event and related Event Determination Date. If a Credit Event occurs in respect of an Obligation of a Reference Entity which is not public, Holders of the Credit Securities may not be able to verify the occurrence of such Credit Event.

*Cash settlement (whether by reference to an auction or a dealer poll) may be less advantageous than physical delivery of assets*

Payments on the Credit Securities following the occurrence of a Credit Event and related Event Determination Date may be in cash and will reflect the value of relevant obligations of the affected Reference Entity at a given date. Such payments may be less than the recovery which would ultimately be realised by a holder of debt obligations of the affected Reference Entity, whether by means of enforcement of rights following a default or receipt of distributions following an insolvency or otherwise.

*Conflicts of Interest – Credit Derivatives Determinations Committees*

The relevant Issuer or any of its Affiliates may act as a member of a Credit Derivatives Determinations Committees. In such case, the interests of the relevant Issuer or its Affiliates may be opposed to the interests of Holders and they will be entitled to and will act without regard to the interests of Holders.

*Risks Associated with Credit Derivatives Determinations Committees*

The institutions of the Credit Derivatives Determinations Committee owe no duty to the Holders and have the ability to make determinations that may materially affect the Holders, such as the occurrence of a Credit Event or a Succession

Event. A Credit Derivatives Determinations Committee may be able to make determinations without action or knowledge of the Holders.

Holders may have no role in the composition of any Credit Derivatives Determinations Committee. Separate criteria apply with respect to the selection of dealer and non-dealer institutions to serve on a Credit Derivatives Determinations Committee and the Holders may have no role in establishing such criteria. In addition, the composition of a Credit Derivatives Determinations Committee will change from time to time in accordance with the Rules, as the term of an institution may expire or an institution may be required to be replaced. The Holders may have no control over the process for selecting institutions to participate on a Credit Derivatives Determinations Committee and, to the extent provided for in the Securities, will be subject to the determinations made by such selected institutions in accordance with the Rules.

Holders may have no recourse against either the institutions serving on a Credit Derivatives Determinations Committee or the external reviewers. Institutions serving on a Credit Derivatives Determinations Committee and the external reviewers, among others, disclaim any duty of care or liability arising in connection with the performance of duties or the provision of advice under the Rules, except in the case of gross negligence, fraud or wilful misconduct. Furthermore, the institutions on a Credit Derivatives Determinations Committee do not owe any duty to the Holders and the Holders will be prevented from pursuing claims with respect to actions taken by such institutions under the Rules.

Holders should also be aware that institutions serving on a Credit Derivatives Determinations Committee have no duty to research or verify the veracity of information on which a specific determination is based. In addition, a Credit Derivatives Determinations Committee is not obligated to follow previous determinations and, therefore, could reach a conflicting determination on a similar set of facts. If the relevant Issuer or the Calculation Agent or any of their respective Affiliates serve as a member of a Credit Derivatives Determinations Committee at any time, then they will act without regard to the interests of the Holders.

Holders are responsible for obtaining information relating to deliberations of a Credit Derivatives Determinations Committee. Notices of questions referred to the Credit Derivatives Determinations Committee, meetings held to deliberate such questions and the results of binding votes will be published on the ISDA website and neither the relevant Issuer, the Calculation Agent nor any of their respective Affiliates shall be obliged to inform the Holders of such information (other than as expressly provided in respect of the Securities). Failure by the Holders to be aware of information relating to deliberations of a Credit Derivatives Determinations Committee will have no effect under the Securities and Holders are solely responsible for obtaining any such information.

Investors should read the Credit Derivatives Determinations Committees Rules as amended from time to time as set out on the ISDA website, <http://www.isda.org/credit/revisedcrules.html> and reach their own views prior to making any investment decisions. Investors should however note that the Rules may subsequently be amended from time to time without the consent or input of the Holders and the powers of the Credit Derivatives Determinations Committee may be expanded or modified as a result.

#### *Multiple Auctions Following Restructuring Credit Event*

Where multiple concurrent Auctions are held following a Restructuring Credit Event, the relevant Issuer may be entitled to select a particular Auction for the purposes of settlement of the Credit Securities. The relevant Issuer will make such election acting in its own interests and not in the interests of the Holders.

#### *Credit Warrants*

Credit Warrants are Credit Securities in respect of which the relevant Issuer has effectively sold protection on one or more Reference Entities to the Holders and payments on such Credit Warrants will depend on the occurrence of a Credit Event and related Event Determination Date with respect to such Reference Entities.

Any deterioration in the creditworthiness of a Reference Entity will increase the likelihood of a Credit Warrant being capable of being exercised. However, any improvement in the creditworthiness of a Reference Entity may decrease the

likelihood of a Credit Warrant being exercised and as a result such improvements may adversely affect the value of such Credit Warrant.

In relation to any Credit Warrants, where the Credit Derivatives Determinations Committee determines that a Restructuring Credit Event has occurred in relation to a Reference Entity and the Calculation Agent determines that an Auction will be or has been held in relation to Deliverable Obligations which are eligible as Valuation Obligations under the terms of the Credit Warrants, the Credit Warrants will be exercised by delivery of a Credit Event Notice by the Calculation Agent (without notice from the Holder as buyer of protection). This may result in a lower return on the Credit Warrants than if such Credit Warrants had not been automatically exercised in such circumstances. Conversely, where no such Deliverable Obligations exist, Credit the Warrants will not be exercised and will expire worthless.

#### *Risks relating to deposits*

Certain Credit Notes or Credit Certificates may be linked to the creditworthiness of a financial institution at which the Hedge Counterparty has made a deposit. Where an Event Determination Date occurs with respect to the relevant financial institution (which will be the Reference Entity in respect of the Credit Securities), the amount which is paid to a Holder will depend on both the fair market value of the Credit Security (as determined by the Calculation Agent without taking into account the credit linked provisions of the Credit Security) and either the proportion of the deposit which is recovered from the Reference Entity or, alternatively, if the Hedge Counterparty transfers its rights in respect of the deposit to a third party (which may be an affiliate of the Hedge Counterparty), the proportion of the deposit represented by the amount which is received from a third party in respect of such transfer, in each case less costs involved in unwinding related hedging transactions or hedging positions and as adjusted to reflect the proportion of the Credit Securities held by an entity in the BNPP Group.

#### *The Calculation Agent may modify the terms of the Credit Securities*

The Calculation Agent may, following its determination that there has been a change in the prevailing market standard terms or market trading conventions that affects any hedging transaction, modify the terms of the Credit Securities to the extent reasonably necessary to ensure consistency with the prevailing market standard terms or market trading conventions, without the consent of Holders or prior notice to Holders. The Calculation Agent is not obliged to make any such modifications. If the Calculation Agent modifies the terms of the Credit Securities, it will do so without regard to the interests of the holders of the Credit Securities and any such modification may be prejudicial to the interests of the holder of the Credit Securities.

#### *Certain Considerations Associated with Hybrid Securities*

An investment in Hybrid Securities will entail significant risks not associated with an investment in a conventional debt security. On redemption or exercise, as the case may be, of Hybrid Securities Holders will receive an amount (if any) determined by reference to the value of a number of different Underlying References. Hybrid Linked Interest Notes or Certificates pay interest calculated by reference to the value of a number of different Underlying References.

#### *Certain Considerations Associated with Open End Certificates and OET Certificates*

Open End Certificates and OET Certificates do not have any pre-determined maturity and may be redeemed on any date determined by the relevant Issuer, in its sole and absolute discretion, subject to compliance with the provisions of the Conditions. Investment in Open End Certificates and OET Certificates will entail additional risks compared with other Certificates, due to the fact that the redemption date for such Open End Certificates and OET Certificates cannot be determined by the investor.

### **3. Additional Factors relating to certain Underlying References**

#### *Certain Considerations Associated with Securities linked to ETIs*

ETI Securities linked to one or more interest in exchange traded instruments reflect the performance of such interest in exchange traded instruments.

An exchange traded instrument may invest in and trade in a variety of investments and financial instruments using sophisticated investment techniques for hedging and non-hedging purposes. Such financial instruments and investment techniques may include, but are not limited to, the use of leverage, short sales of securities, derivative transactions, such as swaps, stock options, index options, futures contracts and options on futures, lending of securities to certain financial institutions, entry into repurchase and reverse repurchase agreements for securities and the investment in foreign securities and foreign currencies.

The amount payable on ETI Securities will be dependent on the performance of the relevant ETI(s) underlying the ETI Securities, which may be linked to the reported NAV per ETI Interest, the trading price available on an exchange for the relevant ETI Interest and/or the actual redemption proceeds the Hedge Provider or a hypothetical investor in the relevant ETI(s) would receive. The amount payable on the ETI Securities may be less and in certain circumstances may be significantly less than the return from a direct investment in the relevant ETI(s) and may be zero.

Unlike Funds, exchange traded instruments are not actively managed. The value of an interest in an exchange traded instrument will decline, more or less, in line with the decline of any securities or the value of any index underlying or linked to the relevant exchange traded instrument. Exchange traded instruments involve risks similar to those of investing in any equity securities traded on an exchange, such as market fluctuations caused by, amongst other things, economic and political developments, changes in interest rates and perceived trends in prices of securities. Where the relevant exchange traded instrument is linked to a particular index, the return on such exchange traded instrument may not match the return of the particular index.

Potential investors in ETI Securities should be aware that none of the relevant Issuer, the Guarantor (if any) or the Calculation Agent have any control over investments made by the relevant exchange traded instrument(s) and in no way guarantee the performance of an exchange traded instrument or the amount payable to holders of ETI Securities.

In hedging the relevant Issuer's obligations under the ETI Securities, the Hedge Provider is not restricted to any particular hedging practice. Accordingly, the Hedge Provider may hedge its exposure using any method it, in its sole discretion, deems appropriate, including, but not limited to, investing in the relevant exchange traded instrument(s), replicating the performance of the relevant exchange traded instrument(s) or holding any of the assets underlying the relevant exchange traded instrument(s). The Hedge Provider may perform any number of different hedging practices with respect to ETI Securities.

Investing directly or indirectly in interests in exchange traded instruments is generally considered to be risky. If the exchange traded instrument does not perform sufficiently well, the value of the Securities will fall, and may in certain circumstances be zero.

Prospective investors should review carefully the prospectus, information memorandum and/or offering circular (if any) issued by any relevant exchange traded instrument before purchasing any ETI Securities. None of the relevant Issuer, the Guarantor (if any), the Calculation Agent or any of their respective Affiliates make any representation as to the creditworthiness of any relevant exchange traded instrument or any such exchange traded instrument's administrative, custodian, investment manager or adviser.

#### *Certain Considerations Associated with Securities linked to Funds*

Where an Issuer issues Fund Securities linked to one or more Funds, including Hedge Funds, Mutual Funds or Private Equity Funds, the relevant Securities reflect the performance of such fund(s).

Funds may trade and invest in a broad range of investments and financial instruments using sophisticated investment techniques for hedging and non-hedging purposes such as debt and equity securities, commodities and foreign exchange and may enter into derivative transactions, including, without limitation, futures, swaps and options. Such financial instruments and investment techniques may also include, but are not limited to, the use of leverage, short sales of securities, transactions that involve the lending of securities to financial institutions, the entry into repurchase and reverse repurchase agreements for securities and the investment in foreign securities and foreign currencies. While these investment strategies and financial instruments provide the investment manager and/or adviser of a Fund the flexibility to implement a range of strategies in an attempt to generate positive returns for the Fund, they also create the risk of significant losses that may adversely affect the value of the Fund and therefore the return on the Fund Securities. Potential investors should be aware that none of the relevant Issuer, the Guarantor (if any) or the Calculation Agent have any control over investments made by a Fund and therefore in no way guarantee the performance of a Fund and therefore the amount due to Holders on cancellation or redemption, as applicable, of the Fund Securities. Funds may often be illiquid and may only be traded on a monthly, quarterly or even less frequent basis. The trading strategies of Funds are often opaque. Funds, as well as the markets and instruments in which they invest, are often not subject to review by governmental authorities, self-regulatory organisations or other supervisory authorities.

The amount payable on Fund Securities will be dependent on the performance of the relevant Fund(s) underlying the Fund Securities, which may be linked to the reported NAV per Fund Share and/or the actual redemption proceeds the Hedge Provider or a hypothetical investor in the relevant Fund(s) would receive. The amount payable on the Fund Securities may be less than the amount payable from a direct investment in the relevant Fund(s). In certain circumstances, a Fund may continue reporting a NAV per Fund Share, but the Hedge Provider or a hypothetical investor may not be able to realise their investment in the relevant Fund(s) at such reported NAV per Fund Share. In such a case, the return on the Fund Securities may be less and in certain circumstances may be significantly less than the reported performance of the relevant Fund(s) and may be zero.

A Fund may be established as part of a master-feeder fund structure. Generally, a master-feeder fund structure involves the incorporation of a "master" fund company into which separate and distinct "feeder" funds invest. Active management of any investment strategy is, generally, performed at the master fund level. In instances where the Fund(s) underlying the relevant Fund Securities are "feeder" funds, the Extraordinary Fund Events (see "*Other Events relating to Fund Securities*" below) extend to include the "master" fund and its service providers. In conducting their own due diligence of the relevant Fund(s), prospective investors should pay particular attention to whether the relevant Fund(s) are established as part of a master-feeder fund structure.

In hedging the relevant Issuer's obligations under the Fund Securities, the Hedge Provider is not restricted to any particular hedging practice. Accordingly, the Hedge Provider may hedge its exposure using any method it, in its sole discretion, deems appropriate, including, but not limited to, investing in the relevant Fund(s), replicating the performance of the relevant Fund(s) or holding any of the assets underlying the relevant Fund(s). The Hedge Provider may perform any number of different hedging practices with respect to Fund Securities.

For all the above reasons, investing directly or indirectly in Funds is generally considered to be risky. If the underlying Fund does not perform sufficiently well, the value of the Security will fall, and may in certain circumstances be zero.

#### *Certain Considerations Associated with Securities Linked to Emerging Markets*

Each Issuer may issue Securities where the amount payable on exercise or redemption or the interest payable is linked to Underlying References which consist of (i) securities, funds or indices comprising securities of issuers that are located in, or subject to regulation in, emerging or developing countries, or (ii) securities which are denominated in the currency of, or are traded in, emerging or developing countries or (iii) currencies of emerging or developing countries. Prospective investors should note that additional risks may be associated with investment in such Securities, including risks associated with political and economic uncertainty, adverse governmental policies, restrictions on foreign investment and currency convertibility, currency exchange rate fluctuations, possible lower levels of disclosure and regulation, and uncertainties as to the status, interpretation and application of laws including, but not limited to, those relating to expropriation,

nationalisation and confiscation. Securities traded in emerging or developing countries tend to be less liquid and the prices of such securities more volatile. In addition, settlement of trades in some such markets may be slower and more subject to failure than in markets in developed countries.

Increased custodian costs as well as administrative difficulties (such as the applicability of the laws of the jurisdictions of emerging or developing countries to custodians in such jurisdictions in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalisation and record access) may also arise from the maintenance of assets in such emerging or developing countries.

Prospective purchasers of the Securities should also be aware that the probability of the occurrence of a Hedging Disruption Event (or other Adjustment Event under the relevant legal terms as set out further in the Security Conditions) and consequently loss of investment or profit by an investor may be higher for certain developing or emerging markets. Prospective purchasers are expected to conduct their own enquiries and be satisfied that there are additional risks associated with investments linked to the performance of underlying assets located in these markets.

#### *Certain Considerations Associated with certain Dynamic Securities*

Each Issuer may issue dynamic Securities ("**Dynamic Securities**"). Dynamic Securities may be linked to a portfolio or strategy often comprising assets with a greater potential for return and consequently greater risk (e.g. a Hedge Fund) and assets with a lower return and consequently lesser risk (e.g. a zero coupon debt security issued by an issuer with a high credit rating). The portfolio or strategy may include leverage on certain specified terms. The portfolio or strategy is dynamic and may rebalance between the relevant assets based upon a specified allocation methodology. The value of Dynamic Securities is determined by reference to the underlying portfolio or strategy. This portfolio or strategy may change during the term of the Securities, which may affect the value of, and any return on, the Securities.

Considering the above aspects, Dynamic Securities are by their nature intrinsically complex, which makes their evaluation difficult in terms of risk at the time of the purchase as well as thereafter. Investors should therefore purchase Dynamic Securities only after having completely understood and evaluated either themselves or with a financial adviser the nature and the risk inherent in the Dynamic Security.

#### **4. Additional Factors Relating to Disruption and Adjustments**

##### *Additional Disruption Events and Optional Additional Disruption Events*

If an Additional Disruption Event occurs, or any Optional Additional Disruption Event specified in the applicable Final Terms occurs (other than in respect of a Failure to Deliver due to Illiquidity), the Securities may be subject to adjustment (including, in the case of Share Securities linked to a Basket of Shares, adjustments to the Basket of Shares), cancellation (in the case of Warrants) or early redemption (in the case of Notes and Certificates) or the amount payable on scheduled redemption (in the case of Notes and Certificates) may be different from the amount expected to be paid at scheduled redemption. In the case of Index Securities linked to a Custom Index the occurrence of an Additional Disruption Event or Optional Redemption Event specified in the applicable Final Terms may lead to the selection of a successor Index.

The Additional Disruption Events relate to changes in law (including changes in tax or regulatory capital requirements) and hedging disruptions in respect of any hedging transactions relating to the Securities (both as more fully set out in the Conditions).

If a Failure to Deliver due to Illiquidity occurs:

- (A) subject as provided in the Conditions, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Settlement Date (in the case of Warrants), Redemption Date (in the case of Certificates) or Maturity Date (in the case of Notes) and (in the case of Warrants) the Calculation Agent shall determine in its discretion the appropriate pro rata portion of the Exercise Price to be paid by the relevant Holder in respect of that partial settlement; and



- (B) in respect of any Affected Relevant Assets, in lieu of physical settlement, except in the case of U.S. Securities (in which case another price or prices will be specified in the applicable Final Terms), the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Security or in the case of Warrants, if Units are specified in the applicable Final Terms, Unit, as the case may be, by payment to the relevant Holder of the Failure to Deliver Settlement Price on the fifth Business Day following the date that notice of such election is given to the Holders in accordance with the relevant Conditions. Payment of the Failure to Deliver Settlement Price will be made in such manner as shall be notified to the Holders.

Consequently the occurrence of an Additional Disruption Event and/or an Optional Additional Disruption Event may have an adverse effect on the value or liquidity of the Securities.

*Market Disruption Events or failure to open of an exchange*

If an issue of Securities includes provisions dealing with the occurrence of a Market Disruption Event or failure to open of an exchange on a date for valuation of an Underlying Reference and the Calculation Agent determines that a Market Disruption Event or failure to open of an exchange has occurred or exists on such valuation date, any consequential postponement of the valuation date, or any alternative provisions for valuation provided in any Securities may have an adverse effect on the value and liquidity of such Securities.

The occurrence of such a Market Disruption Event or failure to open of an exchange in relation to any Underlying Reference comprising a basket may also have such an adverse effect on Securities related to such basket. In addition, any such consequential postponement may result in the postponement of the relevant Settlement Date, Redemption Date or Maturity Date.

*Adjustment Events relating to Index Securities*

In the case of Index Securities, if a relevant Index is (i) not calculated and announced by the Index Sponsor in respect of the Index but is calculated and announced by a successor sponsor or successor entity, as the case may be, acceptable to the Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then, in each case, that index will be deemed to be the Index.

The occurrence of an Index Modification, an Index Cancellation or an Index Disruption (each being an "**Index Adjustment Event**") may (except as may be limited in the case of U.S. Securities) lead to (i) changes in the calculation of the relevant value or price (if the Calculation Agent determines such Index Adjustment Event has a material effect on the Securities), (ii) early cancellation of the Securities (in the case of Warrants), (iii) early redemption of the Securities (in the case of Notes and Certificates) or (iv) the amount payable on scheduled redemption of the Securities (in the case of Notes and Certificates) being different from the amount expected to be paid at scheduled redemption.

Any such adjustment may have an adverse effect on the value and liquidity of such Securities.

*Potential Adjustment Events relating to Share Securities*

In the case of Share Securities, except as may be limited in the case of U.S. Securities, following the declaration by the Basket Company or Share Company, as the case may be, of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will make the corresponding adjustment, if any, to any terms of the Securities as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share). Such adjustment may have an adverse effect on the value and liquidity of the affected Share Securities.

#### *Extraordinary Events relating to Share Securities*

In the case of Share Securities the occurrence of an Extraordinary Event (as defined in the Share Security Conditions) in relation to a Share, may (except as may be limited in the case of U.S. Securities) lead to:

- (A) adjustments to any of the terms of the Securities (including, in the case of Share Securities linked to a Basket of Shares, adjustments to and/or substitution of constituent shares of the Basket of Shares);
- (B) in the case of Warrants, early cancellation in whole or, in the case of Share Securities relating to a Basket of Sharers, in part;
- (C) in the case of Notes and Certificates, early redemption in whole or, in the case of Share Securities relating to a Basket of Shares, in part or the amount payable on scheduled redemption being different from the amount expected to be paid at scheduled redemption;
- (D) the Calculation Agent making an adjustment to any terms of the Securities which corresponds to any adjustment to the settlement terms of options on the Shares traded on such exchanges(s) or quotation system(s) as the Issuer in its sole discretion shall select (the "**Option Exchange**") or, if options on the Shares are not traded on the Options Exchange, the Calculation Agent making such adjustment, if any, to any terms of the Securities as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the relevant Extraordinary Event that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded.

Following such cancellation or redemption, an investor generally would not be able to reinvest the relevant proceeds at an effective interest rate as high as the effective return on the relevant Securities being cancelled or redeemed and may only be able to do so at a significantly lower rate, and potential investors should consider reinvestment risk in light of other investments available at that time. Consequently the occurrence of an Extraordinary Event in relation to a Share may have an adverse effect on the value or liquidity of the Securities.

#### *Potential Adjustment Events relating to ETI Securities*

In the case of ETI Securities, except as may be limited in the case of U.S. Securities, following the declaration by the relevant exchange traded instruments or any person appointed to provide services directly or indirectly in respect of such exchange traded instrument, as the case may be, of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the ETI Interests and, if so, will make the corresponding adjustment, if any, to any terms of the Securities as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant ETI Interest).

Any such adjustment may have an adverse effect on the value and liquidity of such Securities.

#### *Extraordinary Events relating to ETI Securities*

In the case of ETI Securities if certain events ("**Extraordinary ETI Events**") including events relating to Global Events, Litigation/Fraudulent Activity Events, Change in ETI Related Parties/Key Persons Events, Modification Events, Net Asset Value/Investment/AUM Level Events, Tax/Law/Accounting/Regulatory Events, Hedging/Impracticality/Increased Costs Events and Miscellaneous Events in the determination of the Calculation Agent (acting in good faith and in a commercially reasonable manner) occur, the relevant Issuer may, in its sole and absolute discretion take no action, adjust the terms of the Securities to reflect such event, substitute the relevant ETI Interests or cancel (in the case of Warrants) or redeem (in the case of Notes or Certificates) the Securities.

Consequently the occurrence of an Extraordinary ETI Event may have an adverse effect on the value or liquidity of the Securities.

The Issuer will exercise its rights under the ETI Security Conditions, including in particular the action it takes on the occurrence of an Extraordinary Fund Event, in its sole and absolute discretion. Subject to all regulatory obligations, none of the Issuer, the Guarantor (if any) or the Calculation Agent owes any duty or responsibility to any of the Holders of the ETI Securities. The exercise of such rights in such manner may result in an increased loss in performance of the ETI Securities than if the Issuer had taken different action.

#### *Market Disruption Events relating to Commodity Securities*

If a Market Disruption Event occurs or is continuing on a date for valuation then:

- (A) the Calculation Agent will determine if such event has a material effect on the Securities and, if so, will calculate the relevant Interest Amount and/or Final Redemption Amount or Cash Settlement Amount and/or make another relevant calculation using, in lieu of a published price or level for the relevant Commodity or Commodity Index, the Commodity Fallback Value;
- (B) the Calculation Agent may substitute the relevant affected Commodity or Index Component with a Commodity or Index Component selected by it in accordance with the criteria set out in the Commodity Security Conditions and will make such adjustment, if any, to any terms of the Securities as the Calculation Agent in its sole and absolute discretion determines appropriate; or
- (C) the Issuer will cancel or redeem, as applicable, the Securities.

Consequently the occurrence of a Market Disruption Event in relation to a Commodity, Commodity Index or Index Component may have an adverse effect on the value or liquidity of the Securities.

#### *Adjustment Events relating to Commodity Index Securities*

In the case of Securities linked to a Commodity Index, if a relevant Commodity Index is (i) not calculated and announced by the Index Sponsor in respect of the Commodity Index but is calculated and announced by a successor sponsor or successor entity, as the case may be, acceptable to the Calculation Agent, or (ii) replaced by a successor Commodity Index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Commodity Index, then, in each case, that Commodity Index will be deemed to be the Commodity Index. The occurrence of a Commodity Index Modification, Commodity Index Cancellation or Commodity Index Disruption (each being a "**Commodity Index Adjustment Event**") may lead to:

- (A) the Calculation Agent determining the Relevant Price using, in lieu of a published level, the Commodity Fallback Value (if the Calculation Agent determines such Commodity Index Adjustment Event has a material effect on the Securities); or
- (B) cancellation or early redemption of the Securities.

Any such adjustment may have an adverse effect on the value and liquidity of such Securities.

#### *Other Events relating to Fund Securities*

In the case of Fund Securities, if certain events ("**Extraordinary Fund Events**") including events relating to Global Events, Litigation/Fraudulent Activity Events, Fund Service Provider/Key Person Events, Modification Events, NAV per Fund Share/AUM Level Events, Reporting Events, Tax/Law/Accounting/Regulatory Events, Hedging/Impracticality/Increased Costs Events, Dealing Events and Miscellaneous Events in the determination of the Calculation Agent (acting in good faith and in a commercially reasonable manner) occur, the Issuer may, in its sole and

absolute discretion, take no action, adjust the terms of the Securities to reflect such event, substitute the relevant Fund Shares or cancel (in the case of Warrants) or redeem (in the case of Notes or Certificates) the Securities.

Consequently the occurrence of an Extraordinary Fund Event may have an adverse effect on the value or liquidity of the Securities.

In addition, in the event that redemption proceeds in respect of the underlying Fund Shares are not received by the Hedge Provider on or prior to the scheduled date for redemption or settlement, as the case may be, such redemption or settlement date may be postponed for a period of up to two calendar years (or such other period as may be specified in the applicable Final Terms) and no additional amount shall be payable as a result of such delay.

The Issuer will exercise its rights under the Fund Security Conditions, including in particular the action it takes on the occurrence of an Extraordinary Fund Event, in its sole and absolute discretion. Subject to all regulatory obligations, none of the Issuer, the Guarantor (if any) or the Calculation Agent owes any duty or responsibility to any of the Holders of the Fund Securities. The exercise of such rights in such manner may result in an increased loss in performance of the Fund Securities than if the Issuer had taken different action.

#### *Settlement Disruption Events*

In the case of Physical Delivery Securities, if a Settlement Disruption Event occurs or exists on the Settlement Date or the Redemption Date respectively, settlement will be postponed until the next Settlement Business Day in respect of which there is no Settlement Disruption Event. The relevant Issuer in these circumstances also has the right to pay the Disruption Cash Settlement Price or Disruption Cash Redemption Amount (as defined below) in lieu of delivering the Entitlement. As further described below, the Disruption Cash Settlement Price or Disruption Cash Redemption Amount may be less than the fair market value of the Entitlement.

#### *The occurrence of an FX Settlement Disruption Event may lead to postponement or payment in an alternative currency*

If "FX Settlement Disruption" applies to the Securities, and the Calculation Agent determines on the second Business Day prior to the relevant due date for payment (the "**Disrupted Payment Date**") that a FX Settlement Disruption Event has occurred and is subsisting, investors should be aware that payments of principal and/or interest (if applicable) may (i) occur at a different time than expected and that no additional amount of interest or premium amount will be payable in respect of any delay in payment of principal and/or interest or premium amount and (ii) be made in USD (the "**FX Settlement Disruption Currency**"). In certain circumstances, the rate of exchange used to convert the Specified Currency and/or Settlement Currency into the FX Settlement Disruption Currency, may not be the market rate of exchange for such currencies, and in some cases, may be determined by the Calculation Agent in its discretion.

#### *Option to Vary Settlement*

If so indicated in the Final Terms, the Issuer may, in its sole and absolute discretion, elect to vary the settlement of the Securities, by (i) in the case of Cash Settled Securities, delivering or procuring delivery of the Entitlement instead of making payment of the Final Redemption Amount or the Cash Settlement Amount, as applicable, to the relevant Holders or (ii) in the case of Physical Delivery Securities, making payment of the Final Redemption Amount or the Cash Settlement Amount, as applicable, to the relevant Holders instead of delivering or procuring delivery of the Entitlement.

#### *Option to Substitute Assets or to Pay the Alternate Cash Amount or Alternate Cash Redemption Amount*

The Issuer may, in its sole and absolute discretion, if the Calculation Agent determines (in its sole and absolute discretion) that the Relevant Asset or Relevant Assets, as the case may be, comprise assets which are not freely tradable, elect either (i) to substitute a Substitute Asset or Substitute Assets, as the case may be, for the Relevant Asset or Relevant Assets or (ii) not to deliver or procure the delivery of the Entitlement or the Substitute Asset or Substitute Assets, as the case may be, to the relevant holders, but in lieu thereof to make payment to the relevant holders on the Settlement Date of the Alternate Cash Amount or Alternate Cash Redemption Amount, as applicable.

## **5. Securities Subject to Optional Redemption, Cancellation, Early Exercise by the Relevant Issuer or Other Early Redemption or Cancellation and Consequences of such Redemption, Cancellation or Exercise**

An optional, other early redemption (or cancellation) or early exercise feature is likely to limit the market value of the Securities. In the case of Notes or Certificates having an optional redemption (or cancellation) feature, during any period when the relevant Issuer may elect to redeem (or cancel) the relevant Securities, the market value of those Securities generally will not rise substantially above the price at which they can be redeemed (or cancelled). This also may be true prior to any redemption (or cancellation) period. In addition, the Final Terms may provide that the relevant Securities shall be redeemed (or cancelled) early in specified circumstances. Following an optional or early redemption (or cancellation), a Holder generally would not be able to reinvest the redemption (or cancellation) proceeds (if any) at an effective interest rate as high as the interest rate on the relevant Securities being redeemed (or cancelled), and may only be able to do so at a significantly lower rate. As a consequence, the Holder may lose some or all of their investment. Potential investors should consider reinvestment risk in light of other investments available at that time.

## **6. Interest**

### *Interest linked to an Underlying Reference*

Interest payable on Linked Interest Notes or Certificates may be determined by reference to an Underlying Reference or combinations of a number of different Underlying References. Potential investors should be aware that:

- (A) the market price of such Securities may be volatile;
- (B) they may receive no interest;
- (C) payment of interest may occur at a different time or in a different currency than expected;
- (D) an Underlying Reference may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (E) if an Underlying Reference is applied to Notes or Certificates in conjunction with a weighting greater than one or contains some other leverage factor, the effect of changes in the Underlying Reference on interest payable will be magnified;
- (F) the timing of changes in an Underlying Reference may affect the actual yield to investors, even if the average level is consistent with their expectations (in general, the earlier the change in the Underlying Reference, the greater the effect on yield); and
- (G) interest may only be payable and/or calculated in respect of certain specified days and/or periods on or during which the Underlying Reference or its value equals, exceeds and/or is less than certain specified thresholds.

## **7. Limited Exposure to Underlying Reference**

If the applicable Final Terms provide that the exposure of the relevant Securities to one or more Underlying References is limited or capped at a certain level or amount, the relevant Securities will not benefit from any upside in the value of any such Underlying References beyond such limit or cap.

## **8. Certain Additional Risk Factors Associated with Warrants**

### *Limitations on Exercise of Warrants*

If so indicated in the Final Terms, the Issuer will have the option to limit the number of Warrants exercisable on any date (other than the final exercise date) to the maximum number specified in the Final Terms and, in conjunction with such limitation, to limit the number of Warrants exercisable by any person or group of persons (whether or not acting in

concert) on such date. In the event that the total number of Warrants being exercised on any date (other than the final exercise date) exceeds such maximum number and the Issuer elects to limit the number of Warrants exercisable on such date, a Holder may not be able to exercise on such date all the Warrants that such Holder desires to exercise. In any such case, the number of Warrants to be exercised on such date will be reduced until the total number of Warrants exercised on such date no longer exceeds such maximum, such Warrants being selected at the discretion of the Issuer. The Warrants tendered for exercise but not exercised on such date will be automatically exercised on the next date on which Warrants may be exercised, subject to the same daily maximum limitation and delayed exercise provisions.

#### *Minimum Exercise Amount of Warrants*

If so indicated in the Final Terms, a Holder must tender or, in the case of automatic exercise, hold, a specified number of Warrants at any one time in order to exercise. Thus, Holders with fewer than the specified minimum number of Warrants will either have to sell their Warrants or purchase additional Warrants, incurring transaction costs in each case, in order to realise their investment. Furthermore, holders of such Warrants incur the risk that there may be differences between the trading price of such Warrants and the Cash Settlement Amount (in the case of Cash Settled Warrants) or the amount of the Entitlement (in the case of Physical Delivery Warrants) of such Warrants.

#### *Time Lag after Exercise of Warrants*

In the case of any exercise of Warrants, there will be a time lag between the time a Holder gives instructions to exercise and the time the applicable Cash Settlement Amount (in the case of Cash Settled Warrants) relating to such exercise is determined. Any such delay between the time of exercise and the determination of the Cash Settlement Amount will be specified in the applicable Final Terms or the applicable Conditions. However, such delay could be significantly longer, particularly in the case of a delay in the exercise of Warrants arising from any daily maximum exercise limitation, the occurrence of a Market Disruption Event or the failure to open of an exchange (if applicable) or following the imposition of any exchange controls or other similar regulations affecting the ability to obtain or exchange any relevant currency (or basket of currencies) in the case of Currency Securities. The applicable Cash Settlement Amount may change significantly during any such period, and such movement or movements could decrease the Cash Settlement Amount of the relevant Warrants, and may result in such Cash Settlement Amount being zero.

### **9. Certain Additional Risk Factors Associated with Notes**

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Securities may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Securities at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time (i) may not be able to transfer such Securities and (ii) may not receive a definitive Security in respect of such holding (should definitive Securities be printed) and in each case would need to purchase a principal amount of Securities at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

#### *No Gross Up in respect of certain Series of Notes*

If the applicable Final Terms specify that Condition 6.2 (No Gross-up) of the Terms and Conditions of the Notes is applicable, neither the Issuer nor the Guarantor, as the case may be, is obliged to: (i) gross up any payments to cover any

amounts withheld or deducted in the event that any amounts are required to be withheld or deducted on account of any tax, duty, withholding or payment, and (ii) pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Note and all payments made by the Issuer or, as applicable, the Guarantor shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

#### *Dual Currency Notes*

The Issuers may issue Notes with principal and/or interest payable in a currency which may be different from the currency in which the Notes are denominated ("**Dual Currency Notes**"). In addition to the risk factors that may apply to Notes and to Notes linked to an Underlying Reference in general, potential investors should be aware that in relation to Dual Currency Notes:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal and interest (if applicable) may occur at a different time or in a different currency than expected;
- (iv) in certain circumstances, Noteholders may need to specify additional information to receive a relevant currency (including an account in which they can receive amounts in the relevant currency) and payments of the relevant currency by the Issuer may be delayed, or in certain circumstances, the Issuer may be discharged from its payment obligations in respect of the Notes in the event that the Noteholders fail to specify such account within a prescribed period;
- (v) they may lose all or a substantial portion of their principal;
- (vi) there may be movements in currency exchange rates which may result in significant fluctuations that may not correlate with changes in interest rates, currencies or related factors;
- (vii) the exchange rate used to calculate amounts payable in the settlement currency may be fixed prior to, on or after the Issue Date meaning that investors will not benefit from favourable changes in exchange rates during the term of the Dual Currency Notes; and
- (viii) settlement in the Settlement Currency may result in a lower return than if settlement had been made in the Specified Currency due to the risk on the exchange rate.

## **RESPONSIBILITY STATEMENT**

Each of BNPP B.V. (in respect of itself) and BNPP (in respect of itself and BNPP B.V.) accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of each of BNPP B.V. and BNPP (who have taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

Information contained in this Base Prospectus which is sourced from a third party has been accurately reproduced and, as far as the relevant Issuer is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The relevant Issuer has also identified the source(s) of such information.

The applicable Final Terms will (if applicable) specify the nature of the responsibility taken by the relevant Issuer and, if applicable, the Guarantor for the information relating to the underlying asset, index or other item(s) to which the Securities relate, which is contained in such Final Terms.

Signed on behalf of BNP Paribas Arbitrage Issuance B.V.

Paris, dated 30 September 2016:

By:.....

Cezar Nastasa, Attorney

Signed on behalf of BNP Paribas

Paris, dated 30 September 2016:

By:.....

Michel Konczaty, Deputy Chief Operating Officer



## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the following documents which have been previously published or are published simultaneously with this Base Prospectus and shall be incorporated in, and form part of, this Base Prospectus:

- (a) the terms and conditions of the W&C Securities contained in the base prospectus (the "**2014 Base Prospectus**") of BNPP and BNPP B.V. dated 9 October 2014 (the "**2014 W&C Securities Conditions**");
- (b) the terms and conditions of the W&C Securities contained in the base prospectus (the "**2015 Base Prospectus**") of BNPP and BNPP B.V. dated 8 October 2015 (the "**2015 W&C Securities Conditions**" and, together with the 2014 W&C Securities Conditions, the "**W&C Securities Previous Conditions**");
- (c) the terms and conditions of the Notes contained in the 2015 Base Prospectus (the "**2015 Note Conditions**" or the "**Note Previous Conditions**");
- (d) BNPP's *document de référence et rapport financier annuel* in English for 2014 including the consolidated financial statements for the year ended 31 December 2014 and the statutory auditor's report thereon other than Chapter 7 (A Responsible Bank: Information on BNP Paribas' Economic, Social, Civic and Environmental Responsibility), the sections entitled "Person Responsible for the Registration Document", the "Table of Concordance" and any reference to a completion letter (*lettre de fin de travaux*) thereon (the "**BNPP 2014 Registration Document**");
- (e) BNPP's *document de référence et rapport financier annuel* in English for 2015 including the consolidated financial statements for the year ended 31 December 2015 and the statutory auditor's report thereon other than Chapter 7 (A Responsible Bank: Information on BNP Paribas' Economic, Social, Civic and Environmental Responsibility), the sections entitled "Person Responsible for the Registration Document", the "Table of Concordance" and any reference to a completion letter (*lettre de fin de travaux*) therein (the "**BNPP 2015 Registration Document**");
- (f) BNPP's *Actualisation du Document de référence 2015 déposée auprès de l'AMF le 3 mai 2016* (in English) (other than the sections entitled "Persons Responsible for the Update to the Registration Document" and the "Table of Concordance") (the "**First Update to the BNPP 2015 Registration Document**");
- (g) BNPP's *Actualisation du Document de référence 2015 et rapport financier semestriel déposée auprès de l'AMF le 1 août 2016* (in English) (other than the sections entitled "Persons Responsible for the Update to the Registration Document" and the "Table of Concordance") (the "**Second Update to the BNPP 2015 Registration Document**");
- (h) the statutory annual reports for 2014 (the "**2014 BNPP B.V. Annual Report**") and 2015 (the "**2015 BNPP B.V. Annual Report**") which include, respectively, the audited annual non-consolidated financial statements of BNPP B.V. as at, and for the years ended, 31 December 2014 (the "**BNPP B.V. 2014 Financial Statements**") and 31 December 2015 (the "**BNPP B.V. 2015 Financial Statements**"), and the respective auditors' reports thereon; and
- (i) the unaudited interim financial information for the six months period ended 30 June 2016 of BNPP B.V. (including the review report thereon issued by Mazars Paardekooper Hoffman Accountants N.V. represented by J.C. van Oldenbeek) (the "**2016 BNPP B.V. Interim Financial Statements**"),

Save that any statement contained herein or in a document all or the relevant portion of which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that such statement contained in any such subsequent document all or the relative portion of which is or is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by

implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

The information incorporated by reference above is available as follows:

| Information Incorporated by Reference   | Reference   |
|---|---|
| <b>BNP PARIBAS/BNP PARIBAS ARBITRAGE ISSUANCE B.V.</b>  |   |
| <i>W&amp;C Securities Previous Conditions</i>   |   |
| 2014 W&C Securities Conditions  | Pages 103 to 333 of the 2014 Base Prospectus                      |
| 2015 W&C Securities Conditions  | Pages 233 to 550 of the 2015 Base Prospectus                      |
| <i>Note Previous Conditions</i>   |   |
| 2015 Note Conditions  | Pages 170 to 232 and pages 307 to 550 of the 2015 Base Prospectus |
| <b>BNPP 2014 REGISTRATION DOCUMENT</b>  |   |
| Profit and loss account for the year ended 31 December 2014   | Page 138 of the BNPP 2014 Registration Document                   |
| Statement of net income and changes in assets and liabilities recognised directly in equity   | Page 139 of the BNPP 2014 Registration Document                   |
| Balance sheet at 31 December 2014   | Page 140 of the BNPP 2014 Registration Document                   |
| Cash flow statement for the year ended 31 December 2014   | Page 141 of the BNPP 2014 Registration Document                   |
| Statement of changes in shareholders' equity between 1 January 2013 and 31 December 2014  | Pages 142 to 143 of the BNPP 2013 Registration Document           |
| Notes to the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union                                | Pages 144 to 240 of the BNPP 2013 Registration Document           |
| Statutory Auditors' report on the Consolidated Financial Statements of BNP Paribas for the year ended 31 December 2014  | Pages 241 to 242 of the BNPP 2013 Registration Document           |
| Chapter 5 ("Risks and Capital Adequacy")  | Pages 243 to 382 of the BNPP 2013 Registration Document           |
| <b>BNPP 2015 REGISTRATION DOCUMENT</b>  |   |
| <i>Extracts of Annex XI of the European Regulation 809/2004/EC of 29 April 2004</i>   |   |
| <b>Risk Factors</b>   |   |
| Prominent disclosure of risk factors that may affect the Issuer's ability to fulfil its obligations under the securities to investors in a section headed "Risk Factors". | Pages 233 to 398 of the BNPP 2015 Registration Document           |
| <b>Information about the Issuer</b>   |   |
| History and development of the Issuer   | Pages 5 and 6 of the BNPP 2015 Registration Document              |

| <b>Information Incorporated by Reference</b>   | <b>Reference</b>  |
|--|---|
| The legal and commercial name of the Issuer  | Page 519 of the BNPP 2015 Registration Document                                 |
| The place of registration of the Issuer and its registration number;   | Pages 519 and 538 (back cover) of the BNPP 2015 Registration Document           |
| The date of incorporation and the length of life of the Issuer, except where indefinite;   | Page 519 of the BNPP 2015 Registration Document                                 |
| <ul style="list-style-type: none"> <li>- the domicile and legal form of the Issuer,</li> <li>- the legislation under which the Issuer operates,</li> <li>- its country of incorporation, and</li> <li>- the address and telephone number of its registered office (or principal place of business if different from its registered office).</li> </ul> | Pages 519 and 538 (back cover) of the BNPP 2015 Registration Document           |
| Any recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.   | Page 125 of the BNPP 2015 Registration Document                                 |
| <b>Business Overview</b>   |   |
| <p>A brief description of</p> <ul style="list-style-type: none"> <li>- the Issuer's principal activities stating,</li> <li>- the main categories of products sold and/or services performed.</li> </ul>  | Pages 6 to 15, 159 to 161 and 512 to 518 of the BNPP 2015 Registration Document |
| An indication of any significant new products and/or activities.   | Pages 6 to 15, 159 to 161 and 512 to 518 of the BNPP 2015 Registration Document |
| A brief description of the principal markets in which the Issuer competes.   | Pages 6 to 15, 159 to 161 and 512 to 518 of the BNPP 2015 Registration Document |
| The basis for any statements in the registration document made by the Issuer regarding its competitive position.   | Pages 6 to 15 and 106 to 115 of the BNPP 2015 Registration Document             |
| <b>Organisational Structure</b>  |   |
| If the Issuer is part of a group, a brief description of the group and of the Issuer's position within it.   | Page 4 of the BNPP 2015 Registration Document                                   |
| If the Issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.  | Page 510 of the BNPP 2015 Registration Document                                 |
| <b>Trend Information</b>   |   |
| Information on any known trends, uncertainties,  | Pages 126 to 127 of the BNPP 2015 Registration                                  |

| <b>Information Incorporated by Reference</b>   | <b>Reference</b> |
|--|------------------|
| demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year.   | Document         |
| <b>Profit Forecasts or Estimates</b>   |                  |
| <p>A statement setting out the principal assumptions upon which the Issuer has based its forecast, or estimate.</p> <p>There must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies; be readily understandable by investors; be specific and precise; and not relate to the general accuracy of the estimates underlying the forecast.</p>   | N/A              |
| <p>A report prepared by independent accountants or auditors stating that in the opinion of the independent accountants or auditors the forecast or estimate has been properly compiled on the basis stated, and that the basis of accounting used for the profit forecast or estimate is consistent with the accounting policies of the Issuer.</p> <p>Where financial information relates to the previous financial year and only contains non-misleading figures substantially consistent with the final figures to be published in the next annual audited financial statements for the previous financial year, and the explanatory information necessary to assess the figures, a report shall not be required provided that the prospectus includes all of the following statements:</p> <p>(a) the person responsible for this financial information, if different from the one which is responsible for the prospectus in general, approves that information;</p> <p>(b) independent accountants or auditors have agreed that this information is substantially consistent with the final figures to be published in the next annual audited financial statements;</p> <p>(c) this financial information has not been audited.</p> | N/A              |
| The profit forecast or estimate must be prepared on a basis comparable with the historical financial information.  | N/A              |
| <b>Administrative, Management, and Supervisory Bodies</b>  |                  |

| Information Incorporated by Reference   | Reference   |
|---|---|
| <p>Names, business addresses and functions in the Issuer of the members of the administrative, management or supervisory bodies, and an indication of the principal activities performed by them outside the Issuer where these are significant with respect to that Issuer:</p> <p>(a) members of the administrative, management or supervisory bodies;</p> <p>(b) partners with unlimited liability, in the case of a limited partnership with a share capital.</p> | <p>Pages 30 to 45 and 101 of the BNPP 2015 Registration Document</p>      |
| <p>Administrative, Management, and Supervisory bodies conflicts of interests.</p> <p>Potential conflicts of interests between any duties to the issuing entity of the persons referred to in item 9.1 and their private interests and or other duties must be clearly stated.</p> <p>In the event that there are no such conflicts, make a statement to that effect.</p>  | <p>Pages 46 to 68 and 72 to 74 of the BNPP 2015 Registration Document</p> |
| <b>Major Shareholders</b>   |   |
| <p>To the extent known to the Issuer, state whether the Issuer is directly or indirectly owned or controlled and by whom, and describe the nature of such control, and describe the measures in place to ensure that such control is not abused.</p>  | <p>Pages 16 and 17 of the BNPP 2015 Registration Document</p>             |
| <p>A description of any arrangements, known to the Issuer, the operation of which may at a subsequent date result in a change in control of the Issuer.</p>   | <p>Page 17 of the BNPP 2015 Registration Document</p>                     |
| <b>2015 FINANCIAL STATEMENTS</b>  |   |
| <p>Profit and loss account for the year ended 31 December 2015</p>  | <p>Page 132 of the BNPP 2015 Registration Document</p>                    |
| <p>Statement of net income and changes in assets and liabilities recognised directly in equity</p>  | <p>Page 133 of the BNPP 2015 Registration Document</p>                    |
| <p>Balance sheet at 31 December 2015</p>  | <p>Page 134 of the BNPP 2015 Registration Document</p>                    |
| <p>Cash flow statement for the year ended 31 December 2015</p>  | <p>Page 135 of the BNPP 2015 Registration Document</p>                    |
| <p>Statement of changes in shareholders' equity between 1 January 2015 and 31 December 2015</p>   | <p>Pages 136 and 137 of the BNPP 2015 Registration Document</p>           |
| <p>Notes to the financial statements prepared in accordance</p>   | <p>Pages 138 to 230 of the BNPP 2015 Registration Document</p>            |

| <b>Information Incorporated by Reference</b>   | <b>Reference</b>  |
|--|---|
| with International Financial Reporting Standards as adopted by the European Union                                      | Document  |
| Statutory Auditors' report on the Consolidated Financial Statements of BNP Paribas for the year ended 31 December 2015 | Pages 231 and 232 of the BNPP 2015 Registration Document                      |
| <b><i>First Update to the BNPP 2015 Registration Document</i></b>  |   |
| Quarterly Financial Information  | Pages 4 to 64 of the First Update to the BNPP 2015 Registration Document      |
| Risk factors   | Pages 65, 66 to 71 of the First Update to the BNPP 2015 Registration Document |
| Remuneration and benefits  | Pages 72 to 86 of the First Update to the BNPP 2015 Registration Document     |
| Legal and arbitration proceedings  | Page 87 of the First Update to the BNPP 2015 Registration Document            |
| Documents on display   | Page 88 of the First Update to the BNPP 2015 Registration Document            |
| Significant change in the issuer's financial or trading position   | Page 88 of the First Update to the BNPP 2015 Registration Document            |
| Additional Information   | Page 65 of the First Update to the BNPP 2015 Registration Document            |
| Statutory Auditors   | Page 89 of the First Update to the BNPP 2015 Registration Document            |
| <b><i>Second Update to the BNPP 2015 Registration Document</i></b>   |   |
| <b>Half year management report</b>   | Pages 3 to 67 of the Second Update to the BNPP 2015 Registration Document     |
| Group presentation   | Page 3 of the Second Update to the BNPP 2015 Registration Document            |
| 2016 first half results  | Pages 4 to 65 of the Second Update to the BNPP 2015 Registration Document     |
| Long term and short term credit ratings  | Page 67 of the Second Update to the BNPP 2015 Registration Document           |
| Related parties  | Page 67 of the Second Update to the BNPP 2015 Registration Document           |
| Risk factors   | Pages 67 and 154 of the Second Update to the BNPP 2015 Registration Document  |

| <b>Information Incorporated by Reference</b>  | <b>Reference</b>   |
|---|--|
| Recent events   | Pages 4 to 13 of the Second Update to the BNPP 2015 Registration Document    |
| <b>Financial information as at 30 June 2016</b>   | Pages 69 to 153 of the Second Update to the BNPP 2015 Registration Document  |
| Consolidated financial report as at 30 June 2016  | Pages 69 to 151 of the Second Update to the BNPP 2015 Registration Document  |
| Profit and loss account for the first half of 2016  | Page 70 of the Second Update to the BNPP 2015 Registration Document          |
| Statement of net income and changes in assets and liabilities recognised directly in equity           | Page 71 of the Second Update to the BNPP 2015 Registration Document          |
| Balance sheet at 30 June 2016   | Page 72 of the Second Update to the BNPP 2015 Registration Document          |
| Cash flow statement for the first half of 2016  | Page 73 of the Second Update to the BNPP 2015 Registration Document          |
| Statement of changes in shareholders' equity between 1 January 2015 and 30 June 2016                  | Pages 74 to 75 of the Second Update to the BNPP 2015 Registration Document   |
| Notes to the financial statements (prepared in accordance with IFRS as adopted by the European Union) | Pages 76 to 151 of the Second Update to the BNPP 2015 Registration Document  |
| Statutory auditors' review report on the 2016 interim financial information                           | Pages 152 to 153 of the Second Update to the BNPP 2015 Registration Document |
| <b>Additional information</b>   | Pages 164 to 175 of the Second Update to the BNPP 2015 Registration Document |
| Ownership structure at 30 June 2016   | Page 164 of the Second Update to the BNPP 2015 Registration Document         |
| Changes in BNP Paribas' capital   | Pages 165 to 166 of the Second Update to the BNPP 2015 Registration Document |
| Significant changes   | Page 175 of the Second Update to the BNPP 2015 Registration Document         |
| Trends  | Page 175 of the Second Update to the BNPP 2015 Registration Document         |
| <b><i>BNP PARIBAS ARBITRAGE ISSUANCE B.V.</i></b>   |  |
| <b><i>2014 BNPP B.V. Annual Report</i></b>  |  |
| Managing Director's Report  | Pages 3 to 4 of the 2014 BNPP B.V. Annual Report                             |
| Balance Sheet at 31 December 2014   | Page 5 of the 2014 BNPP B.V. Annual Report                                   |
| Profit & Loss Account for the year ended 31 December 2014   | Page 6 of the 2014 BNPP B.V. Annual Report                                   |
| Cashflow Statement for the year ended 31 December 2014  | Page 7 of the 2014 BNPP B.V. Annual Report                                   |

| <b>Information Incorporated by Reference</b>  | <b>Reference</b>   |
|---|--|
| Shareholder's equity  | Page 8 of the 2014 BNPP B.V. Annual Report                       |
| Notes to the Financial Statements   | Pages 9 to 16 of the 2014 BNPP B.V. Annual Report                |
| Other Information   | Page 17 of the 2014 BNPP B.V. Annual Report                      |
| Auditor's Report of the Financial Statements of BNPP B.V. for the year ended 31 December 2014 | Pages 18 to 22 of the 2014 BNPP B.V. Annual Report               |
| <b><i>2015 BNPP B.V. Annual Report</i></b>  |  |
| Managing Director's Report  | Pages 3 to 4 of the 2015 BNPP B.V. Annual Report                 |
| Balance Sheet at 31 December 2015   | Page 5 of the 2015 BNPP B.V. Annual Report                       |
| Profit & Loss Account for the year ended 31 December 2015                                     | Page 6 of the 2015 BNPP B.V. Annual Report                       |
| Cashflow Statement for the year ended 31 December 2015  | Page 7 of the 2015 BNPP B.V. Annual Report                       |
| Shareholder's equity  | Page 8 of the 2015 BNPP B.V. Annual Report                       |
| Notes to the Financial Statements   | Pages 9 to 16 of the 2015 BNPP B.V. Annual Report                |
| Other Information   | Page 17 of the 2015 BNPP B.V. Annual Report                      |
| Auditor's Report of the Financial Statements of BNPP B.V. for the year ended 31 December 2015 | Pages 18 to 21 of the 2015 BNPP B.V. Annual Report               |
| <b><i>2016 BNPP B.V. Interim Financial Statements</i></b>                                     |  |
| Managing Director's Report  | Pages 3 to 4 of the 2016 BNPP B.V. Interim Financial Statements  |
| Balance Sheet   | Page 5 of the 2016 BNPP B.V. Interim Financial Statements        |
| Profit and loss account   | Page 6 of the 2016 BNPP B.V. Interim Financial Statements        |
| Cashflow Statement  | Page 7 of the 2016 BNPP B.V. Interim Financial Statements        |
| Shareholder's equity  | Page 8 of the 2016 BNPP B.V. Interim Financial Statements        |
| Notes to the Financial Statements   | Pages 9 to 16 of the 2016 BNPP B.V. Interim Financial Statements |
| Other Information   | Page 17 of the 2016 BNPP B.V. Interim Financial Statements       |
| Review Report   | Page 18 of the 2016 BNPP B.V. Interim Financial Statements       |

Information contained in the documents incorporated by reference other than information listed in the tables above is for information purposes only.

In addition to the above, the following documents published or issued from time to time after the date of this Base Prospectus shall be deemed to be incorporated in, and form part of, this Base Prospectus:

- (a) the most recently published audited annual non-consolidated financial statements of BNPP B.V. together with the respective auditors' reports thereon being available as part of the most recently published statutory annual report of BNPP B.V. and, if published later, the interim financial statements of BNPP B.V.;
- (b) the most recently published unaudited semi-annual interim consolidated financial statements, the most recently published audited annual consolidated financial statements together with the respective statutory auditors' reports thereon, as contained in BNPP's most recently published *document de référence et rapport financier annuel* in English and quarterly financial results of BNPP; and



- (c) all supplements or amendments to this Base Prospectus circulated by the Issuer and/or the Guarantor from time to time.

Each Issuer will provide, free of charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated herein by reference and such documents will be available free of charge during normal business hours from BNP Paribas Securities Services, Paris, Succursale de Zurich. Written or oral requests for such documents should be directed to the Principal Security Agent at its principal office set out at the end of this Base Prospectus or may be obtained by telephone (+41 58 212 6335) or fax (+41 58 212 6360). In addition, copies of any documents incorporated by reference will be made available, along with this Base Prospectus, for viewing on the website of BNPP at the following address [www.bnpparibasmarkets.ch](http://www.bnpparibasmarkets.ch) or any other website specified in the applicable Final Terms.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Securities, prepare a supplement in accordance with the Listing Rules or publish a new Prospectus for use in connection with any subsequent issue of Securities.

## GENERAL DESCRIPTION OF THE PROGRAMME

|                                     |  |
|-------------------------------------|--|
| <b>Issuers</b>                      | <p>BNP Paribas Arbitrage Issuance B.V. ("<b>BNPP B.V.</b>")</p> <p>BNP Paribas ("<b>BNPP</b>" or the "<b>Bank</b>" and, together with its consolidated subsidiaries, the "<b>Group</b>")</p>   |
| <b>Guarantor</b>                    | <p>BNP Paribas</p>   |
| <b>Description of the Programme</b> | <p>Note, Warrant and Certificate Programme</p>   |
| <b>Securities</b>                   | <p>Securities may be issued as Index Securities, Share Securities, ETI Securities, Debt Securities, Commodity Securities, Inflation Index Securities, Currency Securities, Fund Securities, Credit Securities, Futures Securities or open end turbo Certificates which will be redeemed on a date determined by the Issuer, in its sole and absolute discretion, subject as provided herein ("<b>OET Certificates</b>"), or any other or further type of warrants or certificates including Hybrid Securities where the Underlying Reference may be any combination of such indices, shares, interests in exchange traded instruments, debt instruments, commodities, inflation indices, currencies, funds, futures contracts or other asset classes or types.</p>   |
| <b>Taxation</b>                     | <p>A Holder of W&amp;C Securities must pay all specified expenses relating to the W&amp;C Securities.</p> <p>Neither the Issuer nor the Guarantor shall be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any W&amp;C Security and all payments made by the relevant Issuer or the Guarantor shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.</p> <p>All payments in respect of Notes, or under the relevant Guarantee shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Netherlands or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by BNPP B.V.) or France or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by BNPP as Guarantor) unless such withholding or deduction is required by law.</p> <p>Subject to Condition 6.2, in the event that any amounts are required to be withheld or deducted for, or on behalf of, any Dutch or French taxes, the Issuer or, as the case may be, the Guarantor shall, save in certain limited circumstances, be required to pay additional amounts to cover the amounts so withheld or deducted.</p> <p>If Condition 6.2 is specified as applicable in the applicable Final Terms,</p> |

neither the Issuer nor the Guarantor, as the case may be, shall be required to: (i) pay any additional amount to cover any amounts so withheld or deducted on account of any tax, duty, withholding or payment, and (ii) pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Note and all payments made by the Issuer or, as applicable, the Guarantor shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

#### **Governing Law**

The Securities and any related Guarantee will be governed by English or French Law as specified in the applicable Final Terms.

## FORM OF FINAL TERMS FOR NOTES

### FINAL TERMS DATED [●]

#### BNP Paribas Arbitrage Issuance B.V.

*(incorporated in The Netherlands)*

*(as Issuer)*

#### BNP Paribas

*(incorporated in France)*

*(as Guarantor)*

(Note, Warrant and Certificate Programme)

[insert title of Securities]

#### BNP Paribas Arbitrage S.N.C.

*(as Manager)*

## PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth under the section[s] entitled "Terms and Conditions of the Notes" [and Annex 1 – Additional Terms and Conditions for Index Securities, Annex 2 – Additional Terms and Conditions for Share Securities, Annex 3 – Additional Terms and Conditions for ETI Securities, Annex 4 – Additional Terms and Conditions for Debt Securities, Annex 5 – Additional Terms and Conditions for Commodity Securities, Annex 6 – Additional Terms and Conditions for Inflation Index Securities, Annex 7 – Additional Terms and Conditions for Currency Securities, Annex 8 – Additional Terms and Conditions for Fund Securities and Annex 10 – Additional Terms and Conditions for Credit Securities] in the Base Prospectus dated 30 September 2016 and any Supplement(s) thereto approved and published on or before the date of these Final Terms (copies of which are available as described below), which together constitute[s] an issuance programme for the purposes of the listing rules of SIX Swiss Exchange (the "**SIX Listing Rules**"), as supplemented by the Additional Rules for the Listing of Derivatives (the "**Additional Rules for Derivatives**") or the Additional Rules for the Listing of Bonds (the "**Additional Rules for Bonds**"), as the case may be (collectively with the SIX Listing Rules, the "**Listing Rules**") (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Base Prospectus (as so supplemented). Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus and these Final Terms (in each case, together with any documents incorporated therein by reference) are available for viewing at, and copies may be obtained free of charge during normal business hours from BNP Paribas Securities Services, Paris, Succursale de Zurich. Written or oral requests for such documents should be directed to the Principal Security Agent at its principal office set out at the end of the Base Prospectus or may be obtained by telephone (+41 58 212 6335) or fax (+41 58 212 6360). In addition, copies of any documents incorporated by reference will be made available, along with the Base Prospectus, for viewing on the website of BNPP at the following address [www.bnpparibasmarkets.ch](http://www.bnpparibasmarkets.ch) or any other website specified in the applicable Final Terms.

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date. The Conditions of the original issue being tapped should be reviewed to ensure that they would not require the final terms documenting the further issue to include information which is no longer permitted in final terms. Where the final terms documenting the further issue would need to include such information, it will not be*

*possible to tap using final terms and a drawdown prospectus (incorporating the original Conditions and final terms) will instead need to be prepared.*

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth under the section[s] entitled "Terms and Conditions of the Notes" [and Annex 1 – Additional Terms and Conditions for Index Securities, Annex 2 – Additional Terms and Conditions for Share Securities, Annex 3 – Additional Terms and Conditions for ETI Securities, Annex 4 – Additional Terms and Conditions for Debt Securities, Annex 5 – Additional Terms and Conditions for Commodity Securities, Annex 6 – Additional Terms and Conditions for Inflation Index Securities, Annex 7 – Additional Terms and Conditions for Currency Securities, Annex 8 – Additional Terms and Conditions for Fund Securities and Annex 10 – Additional Terms and Conditions for Credit Securities] in the Base Prospectus dated [original date] [and the Supplement[s] to it dated [●]] which are incorporated by reference in the Base Prospectus dated [current date]. This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Base Prospectus dated [current date] and any Supplement(s) thereto approved and published on or before the date of these Final Terms (copies of which are available as described below), which together constitute[s] an issuance programme for the purposes of the listing rules of SIX Swiss Exchange (the "**SIX Listing Rules**"), as supplemented by the Additional Rules for the Listing of Derivatives (the "**Additional Rules for Derivatives**") or the Additional Rules for the Listing of Bonds (the "**Additional Rules for Bonds**"), as the case may be (collectively with the SIX Listing Rules, the "**Listing Rules**") (the "**Base Prospectus**"), including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus and these Final Terms may be obtained free of charge during normal business hours from BNP Paribas Securities Services, Paris, Succursale de Zurich. Written or oral requests for such documents should be directed to the Principal Security Agent at its principal office set out at the end of the Base Prospectus or may be obtained by telephone (+41 58 212 6335) or fax (+41 58 212 6360). In addition, copies of any documents incorporated by reference will be made available, along with the Base Prospectus, for viewing on the website of BNPP at the following address [www.bnpparibasmarkets.ch](http://www.bnpparibasmarkets.ch) or any other website specified in the applicable Final Terms.

*The following alternative language applies in respect of issues of Securities where the offer period spans a supplement to the Base Prospectus or an update to the Base Prospectus.*

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth under the section[s] entitled "Terms and Conditions of the Notes" [and Annex 1 – Additional Terms and Conditions for Index Securities, Annex 2 – Additional Terms and Conditions for Share Securities, Annex 3 – Additional Terms and Conditions for ETI Securities, Annex 4 – Additional Terms and Conditions for Debt Securities, Annex 5 – Additional Terms and Conditions for Commodity Securities, Annex 6 – Additional Terms and Conditions for Inflation Index Securities, Annex 7 – Additional Terms and Conditions for Currency Securities, Annex 8 – Additional Terms and Conditions for Fund Securities and Annex 10 – Additional Terms and Conditions for Credit Securities] in the Base Prospectus dated 30 September 2016 and [the][each] Supplement to the 2016 Base Prospectus published and approved on or before the date of these Final Terms (copies of which are available as described below) ([together,] the "**2016 Base Prospectus**"), notwithstanding the publication and approval of [any [other] Supplement to the 2016 Base Prospectus (each a "**2016 Future Supplement**"), which may have been published and approved after the date of these Final Terms and before the issue of the Securities to which these Final Terms relate] [and/or] [an updated Base Prospectus (and any Supplement(s) thereto (each a "**2017 Future Supplement**")), which will replace the 2016 Base Prospectus (the "**2017 Base Prospectus**"))] (the date of any such publication and approval, each a "**Publication Date**"), which together constitute an issuance programme for the purposes of the listing rules of SIX Swiss Exchange (the "**SIX Listing Rules**"), as supplemented by the Additional Rules for the Listing of Derivatives (the "**Additional Rules for Derivatives**") or the Additional Rules for the Listing of Bonds (the "**Additional Rules for Bonds**"), as the case may be (collectively with the SIX Listing Rules, the "**Listing Rules**"). This document constitutes the Final Terms of the Securities described herein and (i) prior to any Publication Date, must be read in conjunction with the 2016 Base Prospectus, or (ii) on and after any Publication Date, must be read in conjunction with [the 2016 Base Prospectus, as supplemented by any 2016 Future Supplement as at such date] [or, as applicable,] [the 2017 Base Prospectus, as supplemented by any 2017 Future

Supplement as at such date], save in respect of the Conditions which are extracted from the 2016 Base Prospectus. Full information on BNP Paribas Arbitrage Issuance B.V. (the "**Issuer**") and BNP Paribas (the "**Guarantor**") and the offer of the Securities is only available on the basis of the combination of these Final Terms and (i) prior to the Publication Date, the 2016 Base Prospectus, or (ii) on or after any Publication Date, [the 2016 Base Prospectus, as supplemented by any Future Supplement as at such date] [or, as applicable,] [the 2017 Base Prospectus, as supplemented by any 2017 Future Supplement as at such date], save in respect of the Conditions which are extracted from the 2016 Base Prospectus. The 2016 Base Prospectus[,] [and] [any 2016 Future Supplement][,] [and] [the 2017 Base Prospectus][,] [and] [any 2017 Future Supplement] [and these Final Terms]<sup>1</sup> free of charge during normal business hours from BNP Paribas Securities Services, Paris, Succursale de Zurich. Written or oral requests for such documents should be directed to the Principal Security Agent at its principal office set out at the end of the relevant Base Prospectus, as supplemented, or may be obtained by telephone (+41 58 212 6335) or fax (+41 58 212 6360). In addition, copies of any documents incorporated by reference will be made available, along with the 2016 Base Prospectus[,] [and] [any 2016 Future Supplement] [and] [the 2017 Base Prospectus and any 2017 Future Supplement], for viewing on the website of BNPP at the following address [www.bnpparibasmarkets.ch](http://www.bnpparibasmarkets.ch) or any other website specified in the applicable Final Terms.

*[Include whichever of the following apply or specify as "Not applicable" (N/A). Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms. However, such numbering may change where individual paragraphs or sub-paragraphs are removed.]*

These Final Terms relate to the series of Securities as set out in "Specific Provisions for each Series" below. References herein to "**Securities**" shall be deemed to be references to the relevant Securities that are the subject of these Final Terms and references to "**Security**" shall be construed accordingly.

The Securities do not constitute collective investment schemes in the meaning of the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). Accordingly, holders of the Securities do not benefit from protection under the CISA or supervision by the Swiss Financial Market Supervisory Authority ("**FINMA**"). Further, investors are exposed to the Issuer's and the Guarantor's insolvency risk.

If and to the extent the Securities will be listed on SIX Swiss Exchange, no simplified prospectus in the meaning of Article 5 para. 2 CISA in accordance with Article 4 para. 4 of the Swiss Federal Ordinance on Collective Investment Schemes ("**CISO**") must be prepared.

- |    |      |                          |   |
|----|------|--------------------------|---|
| 1. | (i)  | Issuer:                  | BNP Paribas Arbitrage Issuance B.V.   |
|    | (ii) | Guarantor:               | BNP Paribas   |
| 2. |      | Trade Date:              | <i>[specify]</i> [Not applicable]   |
| 3. | (i)  | Series Number:           | [●]   |
|    | (ii) | Tranche Number:          | [●]   |
|    |      |                          | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i> |
| 4. | (i)  | Specified Currency:      | [●]   |
|    | (ii) | Settlement Currency      | [●]   |
|    |      | Specified Exchange Rate: | <i>[specify set exchange rate]</i> /[Not applicable]  |

<sup>1</sup> Include in respect of Securities that are listed.

*(N.B. Specified Exchange Rate should be completed if the exchange rate is set up-front).*

Settlement Currency Exchange Rate: [Not applicable]/[the exchange rate at *[specify time]*, expressed as the amount of *[specify currency]* for which one *[specify currency unit]* may be exchanged by reference to *[specify source]* (or any successor *[page]* thereto, as determined by the Calculation Agent)]/[the exchange rate obtained by multiplying (i) *[specify first exchange rate]* and (ii) *[specify second exchange rate]*, with *[specify first exchange rate]* expressed as the amount of *[specify currency]* for which one *[specify currency]* may be exchanged determined by the Calculation Agent by reference to *[specify source]* (or any successor *[page]* thereto, as determined by the Calculation Agent) at *[specify time]* and *[specify second exchange rate]* expressed as the amount of *[specify currency]* for which one *[specify currency]* may be exchanged determined by the Calculation Agent by reference to *[specify source]* (or any successor *[page]* thereto, as determined by the Calculation Agent) at *[specify time]*]]

Settlement Currency Exchange Rate Observation Date: [●] Business Days (*Settlement Currency Exchange Rate provisions not required if the Specified Currency and the Settlement Currency are the same*).

Reference Jurisdiction: *[specify]*

5. Aggregate Nominal Amount:

(i) Series: [●]

(ii) Tranche: [●]

6. Issue Price of Tranche: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (*in the case of fungible issues only if applicable*)] [which will be payable in the Settlement Currency at the Settlement Currency equivalent of such amount determined by reference to the Initial FX Rate.

Where:

"**Initial FX Rate**" means *[specify]*/ [the exchange rate at *[specify time]* on the [[●] Business Day prior to the Issue Date], expressed as the amount of *[specify currency]* for which one *[specify currency]* may be exchanged determined by the Calculation Agent by reference to *[specify source]* (or any successor *[page]* thereto, as determined by the Calculation Agent), provided that if such source is not available, any such rate of exchange may be determined by the Calculation Agent [by reference to such sources as it considers in its sole discretion to be appropriate] and acting in good faith and in a commercially reasonable manner]/[the exchange rate obtained by multiplying (i) *[specify first exchange rate]* and (ii) *[specify*

*second exchange rate*], with [*specify first exchange rate*] expressed as the amount of [*specify currency*] for which one [*specify currency*] may be exchanged determined by the Calculation Agent by reference to [*specify source*] (or any successor [*page*] thereto, as determined by the Calculation Agent) at [*specify date/time*] and [*specify second exchange rate*] expressed as the amount of [*specify currency*] for which one [*specify currency*] may be exchanged determined by the Calculation Agent by reference to [*specify source*] (or any successor [*page*] thereto, as determined by the Calculation Agent) at [*specify date/time*] provided that if any such source is not available, any such rate of exchange may be determined by the Calculation Agent [by reference to such sources as it considers in its sole discretion to be appropriate] and acting in good faith and in a commercially reasonable manner]

7. Minimum Trading Size: [*specify*]

8. (i) Specified Denomination: [●]

*(Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*

*"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].")*

*(In respect of French Law Notes, there shall be one denomination only)*

(ii) Calculation Amount: *(If only one Specified Denomination, insert the Specified Denomination.*

*If more than one denomination, insert the highest common factor.*

*Note: There must be a common factor in the case of two or more Specified Denominations.)*

9. (i) Issue Date [and Interest [●]  
Commencement Date]:

(ii) [Interest Commencement Date (if [●]  
different from the Issue Date):]

10. Maturity Date: [*Specify date*] [(the "**Scheduled Maturity Date**") [or if that is not a Business Day the immediately [succeeding/preceding] Business Day [unless it would thereby fall into the next calendar month, in which event it will be brought forward to the immediately preceding Business Day]

11. Form of Notes: [Certificated Notes/Uncertificated Notes]



12. Interest Basis: [[●] per cent. Fixed Rate][[LIBOR/EURIBOR] +/- [●] per cent. Floating Rate][Fixed Rate and Floating Rate][Zero Coupon][Index Linked Interest][Share Linked Interest][Inflation Linked Interest][Commodity Linked Interest][Fund Linked Interest][ETI Linked Interest][Currency Linked Interest][Hybrid Linked Interest] [and Dual Currency Interest] *[If the Notes are Dual Currency Interest Notes, another Interest Basis must always be specified.]*
- [Debt Linked Interest]  
(further particulars specified below)
- [Non-interest bearing]
13. Redemption/Payment Basis: [Redemption at par][[specify] per cent. of nominal amount][Index Linked Redemption][Share Linked Redemption][Inflation Linked Redemption][Commodity Linked Redemption][Fund Linked Redemption][Credit Linked Redemption][ETI Linked Redemption][Foreign Exchange (FX) Rate Linked Redemption][Hybrid Redemption][Debt Linked Redemption][Partly Paid][Instalment][and Dual Currency Redemption][*If the Notes are Dual Currency Redemption Notes, another Redemption/Payment Basis must always be specified.*]
14. Put/Call Options: [Noteholder Put Option][Issuer Call Option][Not applicable]  
  
[(further particulars specified below)]
15. Exchange Rate: *[insert rate of exchange and details of how and when such rate is to be ascertained]/[Not applicable]*
16. Strike Date: [specify]/[Not applicable]/[see item [●] above/below]  
  
[Currency Convention: [As per Conditions]/[Modified Following Currency Convention]/[Preceding Currency Convention]] *(N.B. Only applicable to Currency Securities)*
17. Strike Price: [specify] / [see item [●] above] / [Not applicable]
18. Averaging: Averaging [applies/does not apply] to the Securities. [The Averaging Dates are [specify].] *(Not applicable to Inflation Index Securities)*  
  
[In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] (as defined in Condition 12) will apply.] *(N.B. Not applicable to Index Securities relating to a Custom Index or Commodity Securities)*  
  
[Currency Convention: [As per Conditions]/[Modified Following Currency Convention]/[Preceding Currency Convention]] *(N.B. only applicable to Currency Securities)*

[In the event that an Averaging Date is a Disrupted Day, the provisions of Annex 1 will apply] *(N.B. Only applicable to Index Securities relating to a Custom Index)*

**19. Observation Dates:**

[specify]/[Not applicable]

[Currency Convention: [As per Conditions]/[Modified Following Currency Convention]/[Preceding Currency Convention]] *(N.B. only applicable to Currency Securities)*

[In the event that an Observation Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.] *(N.B. Not applicable to Index Securities relating to a Custom Index or Commodity Securities)*

[In the event that an Observation Date is a Disrupted Day, the provisions of Annex 1 will apply] *(N.B. Only applicable to Index Securities relating to a Custom Index)*

[Observation Day Disruption Consequences are not applicable.]

**20. Observation Period:**

[specify]/[Not applicable] *(Not applicable to Inflation Index Securities)*

**21. Additional Disruption Events:**

[Applicable/Not applicable]/[[Change in Law/Hedging Disruption] does not apply to the Securities]

**22. Optional Additional Disruption Events:**

(a) [Not applicable]/[The following Optional Additional Disruption Events apply to the Securities:

*(Specify each of the following which applies. N.B. Optional Additional Disruption Events are applicable to certain Index Securities, Share Securities, ETI Securities and Commodity Securities. Careful consideration should be given to whether Optional Additional Disruption Events would apply for Debt Securities, Currency Securities and Fund Securities.)*

[Increased Cost of Hedging]

[Increased Cost of Stock Borrow]

[Insolvency Filing]

*(N.B. Only applicable in the case of Share Securities)*

[Cancellation Event]

*(N.B. Only applicable in the case of Debt Securities)*

[Loss of Stock Borrow]

[[Stop-Loss Event]

[Stop-Loss Event Percentage: [5] per cent.]]

[Currency Event]

[Force Majeure Event]

[Jurisdiction Event]

- (b) [The Maximum Stock Loan Rate in respect of *[specify in relation to each relevant Share/Security]* is [●].

*(N.B. Only applicable if Loss of Stock Borrow is applicable)*

[The Initial Stock Loan rate in respect of *[specify in relation to each relevant Share/Security]* is [●].

*(N.B. Only applicable if Increased Cost of Stock Borrow is applicable)*

- (c) Delayed Redemption on Occurrence of an Additional Disruption Event and/or Optional Additional Disruption Event: [Applicable/Not applicable]

*[if applicable:*

Principal Protected Termination Amount:  
[Applicable/Not applicable]]]

**23. Knock-in Event<sup>2</sup>:**

[Applicable/Not applicable]

[If applicable:

*[specify]/["greater than"/"greater than or equal to"/"less than"/"less than or equal to"/"within"]]*

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Level: [specify]/[As per Conditions]
- (ii) Knock-in Level/ Knock-in Range [specify]/[From and including/From but excluding][specify]/[to and including/to but excluding][specify]
- (iii) Knock-in Period Beginning Date: [specify]
- (iv) Knock-in Period Beginning Date Day Convention: [Applicable/Not applicable]
- (v) Knock-in Determination Period: [specify]/[See definition in Condition 10.7]
- (vi) Knock-in Determination Day(s): [specify]/[Each [Scheduled Trading Day in the Knock-in Determination Period/Scheduled Custom Index Business Day

<sup>2</sup> Only applicable in relation to Index Securities, Share Securities, ETI Securities, Commodity Securities, Currency Securities, Debt Securities and Futures Securities.

in the Knock-in Determination Period/Commodity Business Day in the Knock-in Determination Period/Business Day in the Knock-in Determination Period]

- (vii) Knock-in Period Ending Date: [specify]
- (viii) Knock-in Period Ending Date Day Convention: [Applicable/Not applicable]
- (ix) Knock-in Valuation Time: [specify]/[See definition in Condition 10.7]/[Valuation Time]/[Any time on a Knock-in Determination Day]/[Not applicable]
- (x) Disruption Consequences: [Applicable/Not applicable]

**24. Knock-out Event<sup>3</sup>:** [Applicable/Not applicable]

[If applicable:

[specify]/["greater than"/"greater than or equal to"/"less than"/"less than or equal to"]]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Level: [specify]/[As per Conditions]
- (ii) Knock-out Level /Knock-out Range Level: [specify]/[[From and including/From but excluding][specify][to and including/to but excluding][specify]]
- (iii) Knock-out Period Beginning Date: [specify]
- (iv) Knock-out Period Beginning Date Day Convention: [Applicable/Not applicable]
- (v) Knock-out Determination Period: [specify]/[See definition in Condition 10.7]
- (vi) Knock-out Determination Day(s): [specify]/[Each [Scheduled Trading Day in the Knock-out Determination Period/Scheduled Custom Index Business Day in the Knock-out Determination Period/Commodity Business Day in the Knock-out Determination Period/Business Day in the Knock-out Determination Period]
- (vii) Knock-out Period Ending Date: [specify]
- (viii) Knock-out Period Ending Date Day Convention: [Not applicable/Applicable]
- (ix) Knock-out Valuation Time: [specify]/[See definition in Condition 10.7] [Any time on a Knock-out Determination Day]/[Valuation Time]/[Not applicable]
- (x) Disruption Consequences: [Applicable/Not applicable]

<sup>3</sup> Only applicable in relation to Index Securities, Share Securities, ETI Securities, Commodity Securities, Currency Securities, Debt Securities and Futures Securities.

25. Tax Gross-up: [Condition 6.2 (*No Gross-up*) applicable]/[Condition 6.2 (*No Gross-up*) not applicable]

26. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

27. Interest: [Applicable/Not applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

*(If the Notes are Fixed Rate and Floating Rate Notes, complete prompts (i) to (xiii) accordingly)*

(i) Interest Period(s): [*specify*]

(ii) Interest Period End Date(s): [*specify*] in each year

(iii) Business Day Convention for Interest Period End Date(s): [Following / Modified Following / Preceding / FRN / None / Not applicable]

(iv) Interest Payment Date(s): [*specify*]

(v) Business Day Convention for Interest Payment Date(s): [Following / Modified Following / Preceding / FRN / None / Not applicable]

*(If a Business Day Convention is specified for Interest Period End Date(s), unless Interest Payment Date(s) is (are) expressed to be a number of Business Days after the relevant Interest Period End Final Date, Interest Payment Date(s) must be subject to the same Business Day Convention)*

(vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [*specify*]

(vii) Margin(s): [[+/-][*specify*] per cent. per annum / Not applicable]

(viii) Minimum Interest Rate: [[*specify*] per cent. per annum / Not applicable]

(ix) Maximum Interest Rate: [[*specify*] per cent. per annum / Not applicable]

(x) Day Count Fraction: [*specify*] / [unadjusted]

(xi) Determination Dates: [*specify*] in each year [*insert regular payment dates, ignoring issue date or redemption date in the case of a long or short first or last coupon.*] (NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA))

(xii) Accrual to Redemption: [Applicable/Not applicable]

[If Accrual to Redemption is Not applicable:

Accrual to Preceding IPED: [Applicable/Not applicable][*insert in the case of Credit Securities where Accrual to Redemption is Not applicable*]

(xiii) Rate of Interest:

[Fixed Rate]

[Floating Rate]

[Linked Interest]

(xiv) Coupon Rate:

[specify] [N.B. Only applicable if the Rate of Interest specified is Linked Interest]

**28.** Fixed Rate Provisions:

[Applicable/Not applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

*(Specify if more than one fixed rate is to be determined)*

(i) Fixed Rate[(s)] of Interest ([including/excluding] on overdue amounts after Maturity Date or date set for early redemption):

[●] per cent. [per annum] [payable [annually/semi-annually/quarterly/monthly] in arrear]

(ii) Fixed Coupon Amount(s):

[[●] per Calculation Amount] / [Not applicable]

**29.** Floating Rate Provisions:

[Applicable/Not applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

*(Specify if more than one floating rates is to be determined)*

(i) Manner in which the Rate of Interest and Interest Amount is to be determined:

[Screen Rate Determination/ISDA Determination/FBF Determination]

(ii) Linear Interpolation:

[Not applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]

**30.** Screen Rate Determination:

[Applicable/Not applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

– Reference Rate:

[LIBOR/EURIBOR] (*The Reference Rate must be LIBOR or EURIBOR*)

– Interest Determination Date(s):

[●]

*(Second London business day prior to the start of each Interest*

*Period if LIBOR and second TARGET2 day prior to the start of each Interest Period if EURIBOR)*

– Specified Time: [●] *(which will be 11:00 am, London time, in the case of LIBOR, or 11:00 am, Brussels time, in the case of EURIBOR)*

– Relevant Screen Page: [●]

*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate)*

**31.** ISDA Determination: [Applicable/Not applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

– Floating Rate Option: [●]

– Designated Maturity: [●]

– Reset Date: [●]

**32.** FBF Determination: [Applicable/Not applicable]

*[If applicable:*

*[specify relevant terms]]*

**33.** Zero Coupon Provisions: [Applicable/Not applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Accrual Yield: [●] per cent. per annum

(ii) Reference Price: [●]

**34.** Index Linked Interest Provisions: [Applicable/Not applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Index/Basket of Indices: [●]

[The [●] Index is a [Component Security]/[Multi-Exchange] Index.]<sup>4</sup>

[The [●] Index is a Custom Index.]<sup>5</sup>

(ii) Index Currency: [specify]

(iii) Screen Page: [●]

(iv) Interest Valuation Date(s): [specify]

<sup>4</sup> Specify each Component Security Index and/or Multi-Exchange Index (if any).

<sup>5</sup> Specify each Custom Index (if any).

- (v) Disrupted Day: [If the relevant Settlement Price Date or an Averaging Date, as the case may be, is a Disrupted Day, the Settlement Price will be calculated *[insert calculation method]*. (N.B. Only applicable in the case of the Indices other than Custom Indices)]
- [If the Interest Valuation Date, or Observation Date or an Averaging Date is a Disrupted Day, the Settlement Price will be calculated in accordance with Annex 1] *[insert Calculation Method.] (N.B. Only applicable in the case of Custom Indices)*
- (vi) Specified Maximum Days of Disruption: [As per Conditions]/*[specify]* Scheduled Trading Days]
- (If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*
- (vii) Exchange Business Day: [(All Indices Basis)/(Per Index Basis)/(Single Index Basis)]  
(Standard election is All Indices Basis)
- (viii) Scheduled Trading Day: [(All Indices Basis)/(Per Index Basis)/(Single Index Basis)]
- (Must match election made for Exchange Business Day)*
- (ix) Exchange(s) and Index Sponsor:
- (a) the relevant Exchange[s] [is/are] [●]; and
- (b) the relevant Index Sponsor is [●].
- (x) Related Exchange(s): *[specify]*/[All Exchanges]
- (xi) Settlement Price: The Settlement Price will be calculated *[insert calculation method if different from Annex 1]*
- (xii) Weighting: [Not applicable/The weighting to be applied to each item comprising the Basket of Indices to ascertain the Settlement Price is [●]. Each such Weighting shall be subject to adjustment in the case of Index Linked Notes]/*[specify]*. (N.B. Only applicable in relation to Cash Settled Notes relating to a Basket of Indices)]
- (xiii) Valuation Time: [Scheduled Closing Time/Any time [on the relevant Settlement Price Date/during the Observation Period.] [[●], being the time specified on the relevant Settlement Price Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.] (N.B. if no time is specified, the Interest Valuation Time will be the Scheduled Closing Time)
- (xiv) Index Correction Period: [As per Conditions/*specify*]
- (xv) Delayed Redemption on the Occurrence of Index Adjustment Event: [Applicable/Not applicable]
- [If applicable:*
- Principal Protected Termination Amount: [Applicable/Not applicable]]



- (xvi) Other terms or special conditions: [Not applicable]/[specify]
- (xvii) Additional provisions applicable to Custom Indices: [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Custom Index Business Day: [(All Custom Indices Basis)/(Per Custom Index Basis)(Single Custom Index Basis)]
- (b) Scheduled Custom Index Business Day: [(All Custom Indices Basis)/(Per Custom Index Basis)/(Single Custom Index Basis)]  
*(Must match election made for Custom Index Business Day)*
- (c) Valuation Time: [As per the Conditions]/[[●], being the time specified on the Valuation Date or an Averaging Date or Observation Date as the case may be, for the calculation of the Settlement Price.]  
*(N.B. if no time is specified, the Interest Valuation Time will be the Scheduled Closing Time)*
- (d) Custom Index Correction Period: [As per Conditions]/[specify]
- (e) Custom Index Disruption Event: [[Specified Maximum Days of Disruption will be equal to: [●]]/[As per Conditions]]  
*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to twenty)*
- (f) Delayed Redemption on Occurrence of Custom Index Adjustment Event: [Applicable with a rate of [●] per cent. per annum/Not applicable]
- (g) Other terms or special conditions: [Not applicable]/[specify]
- (xviii) Additional provisions applicable to Futures Price Valuation: [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Rolling Futures Contract Securities: [Yes/No]
- (b) Exchange-traded Contract: [specify]/[If the Index Securities are Rolling Futures Contract Securities: Index Security Condition 9.2 applies]
- (c) Delivery or expiry month: [specify]/[Not applicable]  
*(Not applicable in the case of Index Securities that are Rolling Futures Contract Securities)*
- (d) Period of Exchange-traded [specify]/[Not applicable]

Contracts:

*(Only applicable in case of Index Securities that are Futures Rollover Securities)*

- (e) Futures or Options Exchange: *[specify]*
- (f) Futures Rollover *[Not applicable]/[specify]*  
[Date/Period]:

**35. Share Linked Interest Provisions** *[Applicable/Not applicable]*

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Share(s)/Share Company/Basket of Shares/GDR/ADR: *[●]*  
*[GDR/ADR applicable]*  
*[Insert GDR/ADR]<sup>6</sup>*
- (ii) Relative Performance Basket: *[Not applicable/specify]*
- (iii) Share Currency: *[specify]*
- (iv) ISIN of Share(s): *[specify]*
- (v) Screen Page/Exchange Code: *[specify]*
- (vi) Interest Valuation Date(s): *[specify]*
- (vii) Exchange Business Day: *[(All Shares Basis)/(Per Share Basis)/(Single Share Basis)]*  
*(standard election is All Shares Basis)*
- (viii) Scheduled Trading Day: *[(All Shares Basis)/(Per Share Basis)/(Single Share Basis)]*  
*(Must match election made for Exchange Business Day)*
- (ix) Exchange(s): The relevant Exchange[s] *[is/are]* *[●]*.
- (x) Related Exchange(s): *[specify/All Exchanges]*
- (xi) Settlement Price: The Settlement Price will be calculated *[insert calculation method if different from Annex 2]*. *(N.B. If Settlement Price includes formula incorporating initial closing price, use term "Initial Price" for relevant definition.)*
- (xii) Weighting: *[Not applicable/The weighting to be applied to each item comprising the Basket of Shares to ascertain the Settlement Price is [●]. Each such Weighting shall be subject to adjustment in the case of Share Linked Notes]/[specify]. (N.B. Only applicable in relation to Cash Settled Notes relating to a Basket of Shares)]*
- (xiii) Valuation Time: *[Scheduled Closing Time/Any time [on the relevant Settlement*

<sup>6</sup> Specify each GDR or ADR (if any). In the case of Share Linked Notes relating to a GDR/ADR, complete Share Linked Final Terms as applicable for GDR/ADR reference asset(s).

Price Date/during the Observation Period.] [The Valuation Time is [●], being the time specified on the relevant Settlement Price Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.] *(N.B. If no time is specified, the Interest Valuation Time will be the Scheduled Closing Time)*

- (xiv) Share Correction Period: [As per Conditions/specify]
- (xv) Disrupted Day  
If the relevant Settlement Price Date or an Averaging Date, as the case may be, is a Disrupted Day, the Settlement Price will be calculated *[insert calculation method]*.
- (xvi) Market Disruption:  
Specified Maximum Days of Disruption will be equal to [●]/[eight]:  
  
*(If no Specified Maximum Days of Disruption is stated, Specified Maximum Days of Disruption will be equal to eight)*
- (xvii) Tender Offer: [Applicable/Not applicable]
- (xviii) Listing Change: [Applicable/Not applicable]
- (xix) Listing Suspension: [Applicable/Not applicable]
- (xx) Illiquidity: [Applicable/Not applicable]
- (xxi) Delayed Redemption on the Occurrence of an Extraordinary Event: [Applicable/Not applicable]  
  
*[if applicable:*  
  
Principal Protected Termination Amount: [Applicable/Not applicable]]
- (xxii) Other terms or special conditions [Not applicable]/*[specify]*

**36. Inflation Linked Interest Provisions:** [Applicable/Not applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph) (If more than one Inflation Rate is to be determined, repeat items (i) to (ix) for each such Inflation Rate and, if FI Digital Coupon is applicable, distinguish between the Inflation Rate which is FI Rate A and the Inflation Rate which is FI Rate B)*

- (i) Index: [●]  
  
[Composite/non Composite]
- (ii) Screen Page/Exchange Code: [●]
- (iii) Cut-Off Date: [●]/[Not applicable]
- (iv) Related Bond: [●]/Fall Back Bond
- (v) Issuer of Related Bond: [●]/[Not applicable]

- (vi) Fallback Bond: [Applicable/Not applicable]
- (vii) Index Sponsor: [●]
- (viii) Related Bond Redemption Event: [Applicable/Not applicable]
- (ix) Interest Valuation Date: [●]
- (x) Other terms or special conditions: [Not applicable]/[specify]

**37. Commodity Linked Interest Provisions:** [Applicable/Not applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Commodity/Commodities/Commodity Index/ Commodity Indices: [●]  
[The Sponsor[s] of the Commodity Index/Indices is/are [●]]
- (ii) Pricing Date(s): [●]
- (iii) Initial Pricing Date: [specify]
- (iv) Final Pricing Date: [specify]
- (v) Commodity Reference Price: [●]  
The Price Source is/are [●]
- (vi) Delivery Date: [●] / [Not applicable]
- (vii) Nearby Month: [●]/ [Not applicable]
- (viii) Specified Price: [specify]
- (ix) Exchange(s): The relevant Exchange[s] [is/are] [●] / [Not applicable].
- (x) Specified Maximum Days of Disruption: [●]/[As per Conditions]

*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*

*(N.B. Applicable only to Price Source Disruption or Trading Disruption)*

- (xi) Disruption Fallback(s): [As per Commodity Security Condition 1]/[Not applicable]
- (xii) Weighting: The Weighting to be applied to each item comprising the Commodity Basket is [●]
- (xiii) Other terms or special conditions: [Not applicable]/[specify]
- (xiv) Rolling Futures Contract Securities: [Yes/No]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

|            |                                       |   |
|------------|---------------------------------------|---|
|            | (a) Futures Rollover                  | [Not applicable]/[specify]<br>[Date/Period]:  |
| <b>38.</b> | Fund Linked Interest Provisions:      | [Applicable/Not applicable]   |
|            | (i) Fund/Fund Basket:                 | [●]<br>[The [●] Fund is a Mutual Fund]<br>[The [●] Fund is a Hedge Fund]<br>[The [●] Fund is a Private Equity Fund] |
|            | (ii) Fund Shares:                     | [●]   |
|            | (iii) Fund Documents:                 | [As per the Conditions]/[●]   |
|            | (iv) Fund Business Day:               | [All Fund Share Basis]/[Per Fund Share Basis]/[Single Fund Share Basis]   |
|            | (v) Fund Service Provider:            | [As per Conditions]/[●]   |
|            | (vi) Calculation Date(s):             | [As per Conditions]/[●]   |
|            | (vii) Initial Calculation Date:       | [As per Conditions]/[●]   |
|            | (viii) Final Calculation Date:        | [●]   |
|            | (ix) Hedging Date:                    | [●]   |
|            | (x) NAV Trigger Percentage:           | [As per Conditions]/[●]   |
|            | (xi) NAV Trigger Period:              | [As per Conditions]/[●]   |
|            | (xii) Number of NAV Publication Days: | [As per Conditions]/[●]   |
|            | (xiii) AUM Level:                     | [As per Conditions]/[specify]   |
|            | (xiv) Basket Trigger Level:           | [●]/[As per Conditions]   |
|            | (xv) Interest Valuation Date:         | [●]   |
|            | (xvi) Termination Amounts:            | [Principal Protected Termination Amount]/[Non-Principal Protected Termination Amount]/[specify]/[Not applicable]    |
|            | (xvii) Simple Interest Spread:        | [As per Conditions]/[specify]   |
|            | (xviii) Termination Date:             | [●]   |
|            | (xix) Weighting:                      | The Weighting to be applied to each Fund Share comprising the Fund Basket is [●]                                    |
|            | (xx) Protected Amount                 | [specify] per Specified Denomination  |

(xxi) Additional Extraordinary Fund [specify]  
Event(s):

(xxii) Fee: [specify]/[Not applicable]

(xxiii) Delayed Redemption on Occurrence of [Applicable/Not applicable]  
an Extraordinary Fund Event:

(xxiv) Delayed Payment Cut-Off Date: [As per Conditions]/[specify]

(xxv) Other terms or special conditions [Not applicable]/[specify]

**39.** ETI Linked Interest Provisions: [Applicable/Not applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) ETI/ETI Basket: [●]

(ii) ETI Interest(s): [Insert type of ETI Interest(s)]

(iii) ETI Related Party: [As per Conditions]/[specify]

(iv) Exchange(s): [The relevant Exchange[s] [is/are] [●]/[Not applicable]

(v) Related Exchange: [specify]/[All Exchanges]/[Not applicable]

(vi) Exchange Business Day: [All ETI Interests Basis/Per ETI Interest Basis/Single ETI  
Interest Basis]

(vii) Scheduled Trading Day: [All ETI Interests Basis/Per ETI Interest Basis/Single ETI  
Interest Basis]

(viii) Calculation Date(s): [As per Conditions]/[specify]

(ix) Initial Calculation Date: [As per Conditions]/[specify]

(x) Final Calculation Date: [specify]

(xi) Hedging Date: [specify]

(xii) Investment/AUM Level: [As per Conditions][specify]

(xiii) Value per ETI Interest Trading Price [As per Conditions]/[specify]  
Barrier:

(xiv) Number of Value Publication Days: [[●] calendar days] [[●] Business Days (as defined in  
Condition 3.12)]

[Additional Financial Centre: [specify]]

*(N.B. Only applicable if Number of Value Publication Days is  
calculated by reference to Business Days)*

(xv) NAV Trigger Percentage: [As per Conditions]/[specify]

|          |   |  |
|----------|---|--|
| (xvi)    | NAV Trigger Period:   | [As per Conditions]/[specify]  |
| (xvii)   | Basket Trigger Level:   | [As per Conditions]/[specify]  |
| (xviii)  | Settlement Price:   | [Official closing price]/[NAV per ETI Interest] The Settlement Price will be calculated [ <i>insert calculation method if different from Annex 3</i> ]   |
| (xix)    | Valuation Time:   | [specify]  |
| (xx)     | Interest Valuation Time:  | [specify]  |
| (xxi)    | Interest Valuation Date:  | [specify]  |
| (xxii)   | Additional Extraordinary ETI Event(s):                              | [specify]  |
| (xxiii)  | Maximum Stock Loan Rate:  | [Maximum Stock Loan Rate in respect of [ <i>specify in relation to each relevant ETI Interest</i> ] is [●].]   |
| (xxiv)   | ETI Interest Correction Period:                                     | [specify]  |
| (xxv)    | Termination Amount:   | [Principal Protected Termination Amount]/[Non-Principal Protected Termination Amount]/[specify]  |
| (xxvi)   | Simple Interest Spread:   | [As per Conditions]/[specify]  |
| (xxvii)  | Termination Date:   | [specify]  |
| (xxviii) | Market Disruption:  | Specified Maximum Days of Disruption will be equal to [●][eight]<br><br>(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption shall be equal to eight.)   |
| (xxix)   | Weighting:  | The Weighting to be applied to each ETI Interest comprising the ETI Basket to ascertain the Settlement Price is [●]. Each such Weighting shall be subject to adjustment in the case of ETI Linked Notes [specify] (N.B. Only applicable in relation to Cash Settled Notes relating to an ETI Basket) |
| (xxx)    | ETI Documents:  | [As per Conditions]/[specify]  |
| (xxxi)   | Protected Amount  | [Not applicable]/[specify] per Specified Denomination  |
| (xxxii)  | Additional Extraordinary ETI Event(s)                               | [specify]  |
| (xxxiii) | Delayed Redemption on the Occurrence of an Extraordinary ETI Event: | [Applicable/Not applicable]  |
| (xxxiv)  | Other terms or special conditions:                                  | [Not applicable]/[specify]   |
| 40.      | Foreign Exchange (FX) Rate Linked Interest Provisions:              | [Applicable/Not applicable]  |

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) The relevant base currency (the "**Base Currency**") is: [specify]
- (ii) The relevant subject [specify]  
[currency/currencies] ([each a]/[the "**Subject Currency**") [is/are]:
- (iii) Weighting: [specify]
- (iv) Price Source: [specify]
- (v) Disruption Event: Specified Maximum Days of Disruption will be equal to [●]/[five]

*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*

- (vi) Delayed Redemption on Occurrence of a Disruption Event: [Applicable/Not applicable]  
[If applicable:  
Principal Protected Termination Amount: [Applicable/Not applicable]]
- (vii) Relevant Screen Page: [specify]
- (viii) Valuation Time: [specify]
- (ix) Interest Valuation Date: [●]

[Currency Convention: [As per Conditions]/[Preceding Currency Convention]/[Modified Following Currency Convention]]

- (x) Other terms or special conditions: [Not applicable]/[specify]

**41. Debt Securities:** [Applicable/Not applicable]

- (a) Debt Instruments: [specify]

*(Not applicable if Futures Price Valuation is applicable)*

- (b) Nominal Amount: [The relevant nominal amount is [●] and the relevant screen page (the "**Relevant Screen Page**") is [●]. [Not applicable]

*(Not applicable if Futures Price Valuation is applicable)*

- (c) Exchange Business Day Centre(s): [specify]
- (d) Valuation Time: [specify]
- (e) Interest Valuation Date: [specify]



- (f) Specified Maximum Days of Disruption: [As defined in Condition 12]/[*specify*] Scheduled Trading Days.]
- (If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*
- (Not applicable if Futures Price Valuation is applicable)*
- (g) Delayed Redemption on Occurrence of Debt Instrument Redemption Event: [Applicable/Not applicable]
- [If applicable:*
- Principal Protected Termination Amount: [Applicable/Not applicable]]
- (Not applicable if Futures Price Valuation is applicable)*
- (h) Debt Instrument Issuer: [ ]/[Not applicable]
- (Not applicable if Futures Price Valuation is applicable)*
- (i) Debt Instrument Correction Period: [As per the Conditions]/[ ]/[Not applicable]
- (Not applicable if Futures Price Valuation is applicable)*
- (j) Weighting: [Not applicable/The weighting to be applied to each item comprising the Basket of Debt Instruments to ascertain the Settlement Price is [●]. Each such Weighting shall be subject to adjustment.]
- (k) Other terms or special conditions: [*specify*]/[Not applicable]
- (l) Additional provisions applicable to Futures Price Valuation: [Applicable/Not applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rolling Futures Contract Securities: [Yes/No]
- (ii) Exchange-traded Contract: [*Specify*]/[*If the Debt Securities are Rolling Futures Contract Securities: Debt Security Condition 7 applies*]
- (iii) Synthetic Debt Instrument: [*include description of the key terms of the synthetic debt instrument*]
- (iv) Delivery or expiry month: [*Specify*]/[Not applicable]
- (Not applicable in the case of Debt Securities that are Rolling Futures Contract Securities)*
- (v) Period of Exchange-traded Contracts: [*Specify*]/[Not applicable]
- (Only applicable in the case of Debt Securities that are Rolling Futures Contract Securities)*

- (vi) Futures or Options Exchange: *[Specify]*
- (vii) Futures Rollover *[Not applicable]/[Specify]*  
[Date/Period]:
- (viii) Delayed Redemption on *[Applicable/Not applicable]*  
Non-Commencement or  
Discontinuance of an *[If applicable:*  
Exchange-traded Contract: Principal Protected Termination Amount: *[Applicable/Not applicable]*
- (ix) Daily Settlement Price *[As per the Conditions][Specify]*  
Correction Period:

42. Additional Business Centre(s) (Condition 3.12): *[●]*

## PROVISIONS RELATING TO REDEMPTION

43. Final Redemption Amount: *[Calculation Amount x [●] per cent]/[Final Payout][As per the Credit Security Conditions and paragraph 54 (Credit Linked Notes) below]*

44. Final Payout: *[specify]/[Not applicable]/[(N.B. Only relevant if the Final Redemption Amount is linked to one or more Underlying References)]*

45. Automatic Early Redemption<sup>7</sup>: *[Applicable/Not applicable]*  
*[If applicable:*  
*[specify]/["greater than"/"greater than or equal to"/"less than"/"less than or equal to"]]*  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Automatic Early Redemption Amount: *[specify][See Conditions]*

(ii) Automatic Early Redemption Date(s): *[specify]*

(iii) Automatic Early Redemption Level: *[specify]*

(iv) Automatic Early Redemption *[[●] per cent.]/[Not applicable]*  
Percentage:

(v) Automatic Early Redemption Rate: *[specify]*

(vi) Automatic Early Redemption *[specify]*  
Valuation Date(s)/Period(s):

(vii) Automatic Early Redemption *[specify]*

<sup>7</sup> Only applicable in relation to Index Securities, Share Securities, ETI Securities, Commodity Securities, Debt Securities, Futures Securities and Currency Securities

Valuation Time:

- (viii) Underlying Reference Level: [specify]/[As per Conditions]
- (ix) Underlying Reference(s): [See item [●] below]/[Not applicable]
- (x) Basket of Underlying References: [Applicable]/[Not applicable]

**46.** Issuer Call Option: [Applicable/Not applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Valuation Date(s): [●]
- (iii) Optional Redemption Amount(s) and method (if any) of calculating such amount(s): [Calculation Amount x [●] per cent.] [specify]
- (iv) If redeemable in part:
  - (a) Minimum Redemption Amount: [●]
  - (b) Higher Redemption Amount: [●]
- (v) Notice Period (if different from the Notice Period set out in Conditions): [●]

**47.** Noteholder Put Option: [Applicable/Not applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Valuation Date(s): [●]
- (iii) Optional Redemption Amount(s) and method (if any) of calculating such amount(s): [Calculation Amount x [●] per cent.] [specify]
- (iv) Notice Period (if different from the Notice Period set out in the Conditions): [●]

**48.** Aggregation: [Applicable/Not applicable]

**49.** Index Linked Redemption Amount: [Applicable/Not applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Index/Basket of Indices: [●]  
 [The [●] Index is a [Component Security]/[Multi-Exchange] Index.]<sup>8</sup>  
 [The [●] Index is a Custom Index]<sup>9</sup>
- (ii) Index Currency: [specify]
- (iii) Screen Page: [specify]
- (iv) Redemption Valuation Date: [●]
- (v) Exchange Business Day: [(All Indices Basis)/(Per Index Basis)/(Single Index Basis)]  
 (Standard election is All Indices Basis)
- (vi) Scheduled Trading Day: [(All Indices Basis)/(Per Index Basis)/(Single Index Basis)]  
 (Must match election made for Exchange Business Day)
- (vii) Exchange(s) and Index Sponsor: (A) the relevant Exchange[s] [is/are] [●]; and  
 (B) the relevant Index Sponsor is [●].
- (viii) Related Exchanges: [specify/All Exchanges]
- (ix) Settlement Price: The Settlement Price will be calculated [insert calculation method if different from Annex 1]
- (x) Weighting: [Not applicable/The Weighting to be applied to each Index comprising the Basket of Indices is [●]. Each such Weighting shall be subject to adjustment in the case of Index Linked Notes]/[specify]. (N.B. Only applicable in relation to Cash Settled Notes relating to a Basket of Indices)]
- (xi) Valuation Time: [Scheduled Closing Time]/[Any time [on the relevant Settlement Price Date /during the Observation Period.] [[●], being the time specified on the relevant Settlement Price Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.] (N.B. If no time specified, the Valuation Time will be the Scheduled Closing Time) (N.B. Only applicable to Indices other than Custom Indices)]  
 [As per the Conditions]/[●] being the time specified on the Valuation Date or an Averaging Date or Observation Date as the case may be, for the calculation of the Settlement Price.] (N.B. If no time specified, the Valuation Time will be as per the Conditions) (N.B. Only applicable to Custom Indices)
- (xii) Index Correction Period: [As per Conditions]/[specify]]

<sup>8</sup> Specify each Component Security Index and/or Multi-Exchange Index (if any).

<sup>9</sup> Specify each Custom Index (if any).

- (xiii) Disrupted Day: [If the relevant Settlement Price Date or an Averaging Date, as the case may be, is a Disrupted Day, the Settlement Price will be calculated *[insert calculation method]*. (N.B. Only applicable in the case of the Indices other than Custom Indices)
- [If the Redemption Valuation Date, or Observation Date or an Averaging Date is a Disrupted Day, the Settlement Price will be calculated in accordance with Annex 1] *[insert calculation method.] (N.B. Only applicable in the case of Custom Indices)*
- (xiv) Specified Maximum Days of Disruption: [As per Conditions]/[Specified Maximum Days of Disruption will be equal to *[specify]* Scheduled Trading Days]:
- (Unless otherwise stated, Specified Maximum Days of Disruption will be equal to eight)*
- (xv) Delayed Redemption on the Occurrence of Index Adjustment Event: [Applicable/Not applicable]
- [If applicable:*
- Principal Protected Termination Amount: [Applicable/Not applicable]]
- (xvi) Other terms or special conditions: [Not applicable/*specify*]
- (xvii) Additional provisions applicable to Custom Indices: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Custom Index Business Day: [(All Custom Indices Basis)/(Per Custom Index Basis)(Single Custom Index Basis)]
- (b) Scheduled Custom Index Business Day: [(All Custom Indices Basis)/(Per Custom Index Basis)/(Single Custom Index Basis)]
- (Must match election made for Custom Index Business Day)*
- (c) Custom Index Correction Period: [As per Conditions]/*[specify]*
- (d) Custom Index Disruption Event: [[Specified Maximum Days of Disruption will be equal to: [●]]/[As per Conditions]]
- (If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to twenty)*
- (e) Delayed Redemption on the Occurrence of Custom Index Adjustment Event: [Applicable with a rate of [●] per cent. per annum /Not applicable]
- (f) Other terms or special conditions: [Not applicable]/*[specify]*

- (xviii) Additional provisions applicable to Futures Price Valuation: [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Rolling Futures Contract Securities: [Yes/No]
- (b) Exchange-traded Contract: [specify]/[If the Index Securities are Rolling Futures Contract Securities: Index Security Condition 9.2 applies]
- (c) Delivery or expiry month: [specify]/[Not applicable]  
*(Not applicable in the case of Index Securities that are Rolling Futures Contract Securities)*
- (d) Period of Exchange-traded Contracts: [specify]/[Not applicable]  
*(Only applicable in case of Index Securities that are Futures Rollover Securities)*
- (e) Futures or Options Exchange: [specify]
- (f) Futures Rollover [Date/Period]: [Not applicable]/[specify]
- 50. Share Linked Redemption Amount:** [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Share(s)/Share Company/Basket [●]  
Company/GDR/ADR: [GDR/ADR applicable]  
[Insert GDR/ADR]<sup>10</sup>
- (ii) Relative Performance Basket: [Not applicable/specify]
- (iii) Share Currency: [specify]
- (iv) ISIN of Share(s): [specify]
- (v) Screen Page/Exchange Code: [specify]
- (vi) Redemption Valuation Date: [●]
- (vii) Exchange Business Day: [(All Shares Basis)/(Per Share Basis)/(Single Share Basis)]  
*(Standard election is All Shares Basis)*
- (viii) Scheduled Trading Day: [(All Shares Basis)/(Per Share Basis)/(Single Share Basis)]

<sup>10</sup> Specify each GDR or ADR (if any). In the case of Share Linked Notes relating to a GDR/ADR, complete Share Linked Final Terms as applicable for GDR/ADR reference asset(s).

(Must match election made for Exchange Business Day)

- (ix) Exchange(s): The relevant Exchange[s] [is/are] [●].
- (x) Related Exchange(s): [specify/All Exchanges]
- (xi) Settlement Price: The Settlement Price will be calculated [*insert calculation method if different from Annex 1*]
- (xii) Weighting: [Not applicable/The Weighting to be applied to each Share comprising the Basket of Shares is [●]. Each such Weighting shall be subject to adjustment in the case of Share Linked Notes]/[specify]. (*N.B. Only applicable in relation to Cash Settled Notes relating to a Basket of Shares*)
- (xiii) Valuation Time: [Scheduled Closing Time/Any time [on the relevant Settlement Price Date]/[during the Observation Period].] [The Valuation Time is [●], being the time specified on the relevant Settlement Price Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.] (*N.B. if no time specified, the Valuation Time will be the Scheduled Closing Time*).
- (xiv) Share Correction Period: [As per Conditions/specify]
- (xv) Disrupted Day: [If the relevant Settlement Price Date or an Averaging Date, as the case may be, is a Disrupted Day, the Settlement Price will be calculated [*insert calculation method*]. (*N.B. Only applicable in the case of the Indices other than Custom Indices*)  
  
[If the Redemption Valuation Date, or Observation Date or an Averaging Date is a Disrupted Day, the Settlement Price will be calculated in accordance with Annex 1] [*insert calculation method*]. (*N.B. Only applicable in the case of Custom Indices*)
- (xvi) Market Disruption: Specified Maximum Days of Disruption will be equal to [●]/[eight]  
  
(*If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight*)
- (xvii) [Tender Offer: [Applicable/Not applicable]]
- (xviii) Delayed Redemption on the Occurrence of an Extraordinary Event: [Applicable/Not applicable]  
  
[If applicable:  
  
Principal Protected Termination Amount: [Applicable/Not applicable]]
- (xix) Listing Change: [Applicable/Not applicable]
- (xx) Listing Suspension: [Applicable/Not applicable]
- (xxi) Illiquidity: [Applicable/Not applicable]

(xxii) Other terms or special conditions: [Not applicable]/[specify]

**51.** Inflation Linked Redemption Amount: [Applicable/Not applicable]

(i) Index/Indices: [●]

[Composite/non Composite]

(ii) Cut-Off Date: [●]/[Not applicable]

(iii) Related Bond: [●]/Fallback Bond

(iv) Issuer of Related Bond: [●]/[Not applicable]

(v) Fallback Bond: [Applicable/Not applicable]

(vi) Index Sponsor: [●]

(vii) Related Bond Redemption Event: [Applicable/Not applicable]

(viii) Valuation Date: [●]

(ix) Other terms or special conditions: [Not applicable]/[specify]

**52.** Commodity Linked Redemption Amount: [Applicable/Not applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Commodity/Commodities/Commodity Index/Commodity Indices: [●]

[The Sponsor[s] of the Commodity Index/Indices is/are [●]]

(ii) Pricing Date(s): [●]

(iii) Initial Pricing Date: [specify]

(iv) Final Pricing Date: [specify]

(v) Commodity Reference Price: [●]

The Price Source(s) is/are: [●]

(vi) Delivery Date: [●]/[Not applicable]

(vii) Nearby Month: [●]/[Not applicable]

(viii) Specified Price: [specify]

(ix) Exchange(s): The relevant Exchange[s] [is/are] [●] / [Not applicable]

(x) Specified Maximum Days of Disruption: [●]/[five]

*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*

(xi) Disruption Fallback(s): [As per Commodity Security Condition 1]/[Not applicable]



- (xii) Weighting: The Weighting to be applied to each item comprising the Commodity Basket is [●]
- (xiii) Other terms or special conditions: [Not applicable]/[specify]
- (xiv) Rolling Futures Contract Securities: [Yes/No]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(a) Futures Rollover [Not applicable]/[specify]  
[Date/Period]:

**53.** Fund Linked Redemption Amount: [Applicable/Not applicable]

- (i) Fund/Fund Basket: [●]  
[The [●] Fund is a Mutual Fund]  
[The [●] Fund is a Hedge Fund]  
[The [●] Fund is a Private Equity Fund]
- (ii) Fund Share(s): [●]
- (iii) Fund Documents: [As per Conditions]/[●]
- (iv) Fund Business Day: [All Fund Share Basis]/[Per Fund Share Basis]/[Single Fund Share Basis]
- (v) Fund Service Provider: [As per Conditions]/[●]
- (vi) Calculation Date(s): [As per Conditions]/[●]
- (vii) Initial Calculation Date: [●]/[Not applicable]
- (viii) Final Calculation Date: [●]/[Not applicable]
- (ix) Redemption Valuation Date: [specify]
- (x) Hedging Date: [●]/[Not applicable]
- (xi) AUM Level [specify]/[Not applicable]
- (xii) NAV Trigger Percentage: [As per Conditions]/[●]
- (xiii) NAV Trigger Period: [●]
- (xiv) Number of NAV Publication Days: [●]
- (xv) Basket Trigger Level: [●]/[As per Conditions]
- (xvi) Termination Amounts: [Principal Protected Termination Amount]/[Non-Principal Protected Termination Amount]/[specify]
- (xvii) Simple Interest Spread: [specify]/[As per Conditions]

- (xviii) Termination Date: [specify]
- (xix) Weighting: The Weighting to be applied to each Fund Share comprises the Fund Basket is [●]
- (xx) Protected Amount: [specify]
- (xxi) Additional Extraordinary Fund Event(s): [specify]
- (xxii) Fee: [specify]/[Not applicable]
- (xxiii) Delayed Redemption on the Occurrence of an Extraordinary Fund Event: [Applicable/Not applicable]
- (xxiv) [Delayed Payment Cut-Off Date: [specify]]
- (xxv) Other terms or special conditions [Not applicable]/[specify]

**54. Credit Notes:** [Applicable/Not applicable]

General Terms relating to type of Credit Notes:

- (i) Type of Credit Notes: [Single Reference Entity Credit Security]  
 [Nth-to-Default Credit Security]  
 [N: [●]]  
 [Multiple Default Triggers: [Applicable/Not applicable]]  
 [M: [●]]  
 Substitution: [Applicable/Not applicable]  
 [Basket Credit Security]  
 [Tranched Credit Security]  
 [Combination Credit Security: Applicable/Not applicable]  
*(If Combination Credit Securities is applicable)*  
 [Credit-linked Interest Type: [Single Reference Entity Credit Security] [Nth-to-Default Credit Security N:[●] [Multiple Default Triggers: [Applicable/Not applicable]] [M:[●]] [Substitution: [Applicable/Not applicable]] [Basket Credit Security] [Tranched Credit Security]
- Principal Protection Level: [Applicable/Not applicable/[●]][%]
- (ii) Calculation Agent responsible for making calculation and determinations pursuant to Annex 10 – Additional [●]

Terms and Conditions for Credit Securities:

Terms relating to Credit-linkage

[(Insert for Combination Credit Securities only): Terms relating to Credit Linked Principal:]

- |        |                                       |  |
|--------|---------------------------------------|--|
| (iii)  | Transaction Type:                     | [●] [As specified in the Relevant Annex]   |
| (iv)   | Scheduled Maturity Date:              | [●]  |
| (v)    | Reference Entity(ies):                | [●] [As specified in the Relevant Annex]   |
| (vi)   | Reference Entity Notional Amount:     | [●] [As specified in [the Credit Security Conditions] [the Relevant Annex]]  |
| (vii)  | Reference Entity Weighting:           | [●] [As specified in [the Credit Security Conditions]] [the Relevant Annex]] [Not applicable]  |
| (viii) | Reference Obligation(s):              |  |
|        | The obligation identified as follows: | [Applicable/Not applicable][●] [As specified in [[the Credit Security Conditions] [the Relevant Annex]]]   |
|        | Primary Obligor:                      | [●]  |
|        | Guarantor:                            | [●]  |
|        | Maturity:                             | [●]  |
|        | Coupon:                               | [●]  |
|        | CUSIP/ISIN:                           | [●]  |
|        | Original Issue Amount:                | [●]  |
|        | Standard Reference Obligation:        | <p>[The obligation specified as the Reference Obligation above shall be the Original Non-Standard Reference Obligation notwithstanding that such obligation is not an obligation of the Reference Entity, and notwithstanding any contrary provision of the definition of "Original Non-Standard Reference Obligation" (and, for the avoidance of doubt, paragraph (a) of the definition thereof applies).] <i>[Delete if not applicable or if Reference Obligation above is an obligation of the Reference Entity]</i></p> <p>[Applicable/Not applicable][●][As specified in [the Credit Security Conditions] [the Relevant Annex]]</p> |
| (ix)   | Seniority Level:                      | [Senior Level] [Subordinated Level] [●] [Not applicable]   |
| (x)    | CoCo Supplement:                      | <p>[Applicable/Not applicable]</p> <p><i>[Delete if CoCo Supplement is not applicable]</i></p>   |

- [Trigger Percentage: [●]] [As specified in [the Credit Security Conditions][the Relevant Annex]]
- (xi) Settlement Method: [Auction Settlement] [Cash Settlement] [Final Price: [●]  
[Credit Security Condition 2(b) (*Redemption or Settlement following Event Determination Date*): Not applicable]]  
[Physical Settlement]
- [Credit Unwind Costs: [Not applicable] [Standard Credit Unwind Costs: Applicable] [●]] [*Delete if Credit Unwind Costs are applicable*]
- (xii) Fallback Settlement Method: [Cash Settlement] [Physical Settlement] [Not applicable]
- (xiii) Settlement at Maturity: [Applicable] [Not applicable]
- (xiv) Settlement Currency: [●]
- (xv) Merger Event: [Credit Security Condition 2(d) (*Redemption or Cancellation following a Merger Event*): [Applicable/Not applicable]]  
  
[*If applicable*]  
  
[Merger Event Redemption Date: [●]]
- (xvi) Credit Event Backstop Date: [As per the Credit Security Conditions] [The date that is 60 calendar days prior to the Trade Date] [Issue Date] [Other]

*(Include only for Tranching Credit Securities)*

- (xvii) Additional terms relating to Tranching Credit Securities: [Applicable/Not applicable]  
  
Relevant Annex: [●]  
  
Index Sponsor: [●]  
  
Attachment Point: [●]  
  
Exhaustion Point: [●]  
  
Any other terms or provisions: [●]

*[(Insert for Combination Credit Securities only): Terms relating to Credit Linked Interest:]*

- (iii) Transaction Type: [●] [As specified in the Relevant Annex]
- (iv) Scheduled Maturity Date: [●]
- (v) Reference Entity(ies): [●] [As specified in the Relevant Annex]
- (vi) Reference Entity Notional Amount: [●][As specified in [the Credit Security Conditions][the Relevant Annex]]
- (vii) Reference Entity Weighting: [●][As specified in [the Credit Security Conditions][the

|        |                                       |   |
|--------|---------------------------------------|---|
|        |                                       | Relevant Annex]] [Not applicable]   |
| (viii) | Reference Obligation(s):              |   |
|        | The obligation identified as follows: | [Applicable/Not applicable][●] [As specified in [the Credit Security Conditions][the Relevant Annex]]   |
|        | Primary Obligor:                      | [●]   |
|        | Guarantor:                            | [●]   |
|        | Maturity:                             | [●]   |
|        | CUSIP/ISIN:                           | [●]   |
|        | Original Issue Amount:                | [●]   |
|        | Standard Reference Obligation:        | <p>[The obligation specified as the Reference Obligation above shall be the Original Non-Standard Reference Obligation notwithstanding that such obligation is not an obligation of the Reference Entity, and notwithstanding any contrary provision of the definition of "Original Non-Standard Reference Obligation" (and, for the avoidance of doubt, paragraph (a) of the definition thereof applies).] [Delete if not applicable or if Reference Obligation above is an obligation of the Reference Entity]</p> <p>[Applicable/Not applicable][●] [As specified in [the Credit Security Conditions][the Relevant Annex]]</p> |
| (ix)   | Seniority Level:                      | [Senior Level] [Subordinated Level] [●] [Not applicable]  |
| (x)    | CoCo Supplement:                      | <p>[Applicable/Not applicable]</p> <p><i>[Delete if CoCo Supplement is not applicable]</i></p> <p>[Trigger Percentage: [●] [As specified in [the Credit Security Conditions][the Relevant Annex]]</p>   |
| (xi)   | Settlement Method:                    | <p>[Auction Settlement] [Cash Settlement] [Final Price: [●] [Credit Security Condition 2(b) (<i>Redemption or Settlement following Event Determination Date</i>): Not applicable]] [Physical Settlement]</p> <p>[Credit Unwind Costs: [Not applicable] [Standard Credit Unwind Costs: Applicable] [●]] <i>[Delete if Credit Unwind Costs are applicable]</i></p>  |
| (xii)  | Fallback Settlement Method:           | [Cash Settlement] [Physical Settlement] [Not applicable]  |
| (xiii) | Settlement Currency:                  | [●]   |
| (xiv)  | Merger Event:                         | [Credit Security Condition 2(d) ( <i>Redemption or Cancellation following a Merger Event</i> ): [Applicable/Not applicable]]  |

*(If applicable)*

[Merger Event Redemption Date: [●]]

- (xv) Credit Event Backstop Date: [As per the Credit Security Conditions] [The date that is 60 calendar days prior to the Trade Date] [Issue Date] [Other]

*(Include only for Tranching Credit Securities)*

- (xvi) Additional terms relating to Tranching Credit Securities: [Applicable/Not applicable]

Relevant Annex: [●]

Index Sponsor: [●]

Attachment Point: [●]

Exhaustion Point: [●]

Any other terms or provisions: [●]

General Terms relating to Credit Securities

- [(xvii)]/[(xviii)] LPN Reference Entities: [Applicable/Not applicable][●] [As specified in [the Credit Security Conditions][the Relevant Annex]]

- [(xviii)]/[(xix)] Accrual of Interest upon Credit Event: [As per Credit Security Condition 3(a)(i)(A)] [As per Credit Security Condition 3(a)(i)(B)] [As per Credit Security Condition 3(a)(ii)]

*[OR if Part B of Credit Security Conditions applies:*

[Part B of Credit Security Conditions: As per Part B Credit Security Condition [3(a)(i)] / [3(a)(ii)]]

- (xix) Additional Credit Security Disruption Events: [The following Additional Credit Security Disruption Events apply to the Notes:] [Not applicable]

*(Specify each of the following which applies.)*

[Change in Law]

[Hedging Disruption]

[Increased Cost of Hedging]

- [(xx)]/[(xxi)] Additional Provisions: [●]

[Change in Standard Terms and Market Conventions: [Not applicable]] [Delete if Change in Standard Terms and Market Conventions applies]]

[In respect of [specify relevant Reference Entity], [Include Accrued Interest] [Exclude Accrued Interest] applicable]

[(xxi)]/[(xxii)] Calculation and Settlement Suspension: [Applicable/Not applicable]

[(xxii)]/[(xxiii)] Part B of Credit Security Conditions: [Applicable/Not applicable]

*[If applicable:*

Cash Settlement Date / Credit Event Valuation Period End Date / Extended Valuation Period / Grace Period/ Hedge Counterparty / Payment Requirement:

[As per the Credit Security Conditions] [Specify any variations or additions to the Credit Security Conditions]

**55.** ETI Linked Redemption Amount:

[Applicable/Not applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) ETI/ETI Basket: [●]

(ii) ETI Interest(s): *[insert type of ETI Interest(s)]*

(iii) ETI Related Party: [As per Conditions]/*[specify]*

(iv) ETI Documents: [As per Conditions]/*[specify]*

(v) Exchange(s): The relevant Exchange[s] [is/are] [●]. [Not applicable]

(vi) Related Exchange(s): *[specify]*/[All Exchanges]/[Not applicable]

(vii) Scheduled Trading Day: [All ETI Interests Basis/Per ETI Interest Basis/Single ETI Interest Basis]

*(Must match election made for Exchange Business Day)*

(viii) Exchange Business Day: [All ETI Interests Basis/Per ETI Interest Basis/Single ETI Interest Basis]

*(Standard election is All ETI Interest Basis)*

(ix) Redemption Valuation Date: [●]

(x) Calculation Date(s): [As per Conditions]/*[specify]*

(xi) Initial Calculation Date: [●]/[Not applicable]

(xii) Final Calculation Date: [●]/[Not applicable]

(xiii) Hedging Date: [●]

(xiv) Investment/AUM Level: [As per Conditions]/*[specify]*

- (xv) Value per ETI Interest/Trading Price Barrier: [As per Conditions][*specify*]
- (xvi) Number of Value Publication Days: [[●] calendar days] [[●] Business Days (as defined in Condition 3.12)]
- [Additional Financial Centre: *specify*]
- (N.B. Only applicable if Number of Value Publication Days is calculated by reference to Business Days)*
- (xvii) Value Trigger Percentage: [As per Conditions][*specify*]
- (xviii) Value Trigger Period: [As per Conditions][*specify*]
- (xix) Basket Trigger Level: [As per Conditions][*specify*]
- (xx) Settlement Price: The Settlement Price will be calculated [*insert calculation method if different from Annex 3*]
- (xxi) Weighting: [Not applicable]/[The Weighting to be applied to each ETI comprising the ETI Basket is [●]. Each such Weighting shall be subject to adjustment in the case of ETI Linked Notes][*specify*]. *(N.B. Only applicable in relation to Cash Settled Notes relating to an ETI Basket)*
- (xxii) Valuation Time: [Scheduled Closing Time/Any time [on the relevant Settlement Price Date] /*during the Observation Period*.] [The Valuation Time is [●], being the time specified on the relevant Settlement Price Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.] *(N.B. if no time specified, the Valuation Time will be the Scheduled Closing Time).*
- (xxiii) Maximum Stock Loan Rate: [Maximum Stock Loan Rate in respect of [*specify in relation to each relevant ETI Interest*] is [●].]
- (xxiv) ETI Interest Correction Period: [As per Conditions][*specify*]
- (xxv) Termination Amount: [Principal Protected Termination Amount]/[Non-Principal Protected Termination Amount][*specify*]
- (xxvi) Simple Interest Spread: [As per Conditions][*specify*]
- (xxvii) Termination Date: [●]
- (xxviii) Protected Amount: [*specify*] per Specified Denomination
- (xxix) Additional Extraordinary ETI Events: [*specify*]
- (xxx) Delayed Redemption on the Occurrence of an Extraordinary ETI Event: [Applicable/Not applicable]
- (xxxi) Other terms or special conditions: [Not applicable][*specify*]



56. Foreign Exchange (FX) Rate Linked [Applicable/Not applicable]  
Redemption Amount: [●]
- (i) Relevant Screen Page: [specify]
- (ii) The relevant base currency (the "**Base Currency**") is: [specify]
- (iii) The relevant subject [specify]  
[currency/currencies] ([each a]/[the  
"**Subject Currency**") [is/are]:
- (iv) Weighting: [specify]
- (v) Price Source: [specify]
- (vi) Disruption Event: Specified Maximum Days of Disruption will be equal to [●]/[five]  
*(If no Specified Maximum Days of Disruption is stated, Specified Maximum Days of Disruption will be equal to five)*
- (vii) Valuation Time: [specify]
- (viii) Redemption Valuation Date: [●]  
[Currency Convention: [As per Conditions]/[Preceding  
Currency Convention]/[Modified Following Currency  
Convention]]
- (ix) Delayed Redemption on the [Applicable/Not applicable]  
Occurrence of an Additional  
Disruption Event: *[If applicable:*  
  
Principal Protected Termination Amount: [Applicable/Not  
applicable]]
- (x) Other terms or special conditions: [Not applicable]/[specify]
57. Debt Securities: [Applicable/Not applicable]
- (a) Debt Instruments: [specify]  
*(Not applicable if Futures Price Valuation is applicable)*
- (b) Nominal Amount: [The relevant nominal amount is [●] and the Relevant Screen  
Page is [●].][Not applicable]  
*(Not applicable if Futures Price Valuation is applicable)*
- (c) Exchange Business Day Centre(s): [specify]
- (d) Valuation Time: [specify]

- (e) Redemption Valuation Date: [ ]
- (f) Specified Maximum Days of Disruption: [As defined in Condition 12]/[specify] Scheduled Trading Days.]  
*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*  
*(Not applicable if Futures Price Valuation is applicable)*
- (g) Delayed Redemption on Occurrence of Debt Instrument Redemption Event: [Applicable/Not applicable]  
*[If applicable:*  
Principal Protected Termination Amount: [Applicable/Not applicable]]  
*(Not applicable if Futures Price Valuation is applicable)*
- (h) Debt Instrument Issuer: [ ]/[Not applicable]  
*(Not applicable if Futures Price Valuation is applicable)*
- (i) Debt Instrument Correction Period: [As per the Conditions]/[ ]/[Not applicable]  
*(Not applicable if Futures Price Valuation applicable)*
- (j) Weighting: [Not applicable/The weighting to be applied to each item comprising the Basket of Debt Instruments to ascertain the Settlement Price is [●]. Each such Weighting shall be subject to adjustment.]
- (k) Additional provisions applicable to Futures Price Valuation: [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rolling Futures Contract Securities: [Yes/No]
- (ii) Exchange-traded Contract: [specify]/[If the Debt Securities are Rolling Futures Contract Securities: Debt Security Condition 7 applies]
- (iii) Synthetic Debt Instrument: [include description of the key terms of the synthetic debt instrument]
- (iv) Delivery or expiry month: [specify]/[Not applicable]  
*(Not applicable in the case of Debt Securities that are Rolling Futures Contract Securities)*
- (v) Period of Exchange-traded Contracts: [specify]/[Not applicable]  
*(Only applicable in the case of Debt Securities that are Rolling Futures Contract Securities)*

- (vi) Futures or Options Exchange: *[specify]*
- (vii) Futures Rollover *[Not applicable]/[specify]*  
[Date/Period]:
- (viii) Delayed Redemption on *[Applicable/Not applicable]*  
Non-Commencement or  
Discontinuance of an *[If applicable:*  
Exchange-traded Contract: Principal Protected Termination Amount: *[Applicable/Not applicable]]*
- (ix) Daily Settlement Price *[As per the Conditions][Specify]*  
Correction Period:
- (x) Other terms or special *[Not applicable]/[specify]*  
conditions:

**58.** Early Redemption Amount: *[Calculation Amount x [●] per cent.]*  
  
*[Amortised Face Amount]*  
  
*[Final Redemption Amount]*  
  
*[Market Value less Costs]*

**59.** Provisions applicable to Physical Delivery:<sup>11</sup> *[Applicable/ Not applicable]*

- (i) Entitlement in relation to each Note:
  - (a) The Entitlement (as defined in the Conditions) in relation to each Note is [●]:
  - (b) *[The Entitlement will be evidenced by [insert details of how the Entitlement will be evidenced].]*
  - (c) *[The Entitlement will be [delivered] [Delivered] [insert details of the method of delivery of the Entitlement].]*

*(N.B. Only applicable in relation to Physical Delivery Securities)*

- (ii) Relevant Asset(s): *[As specified above]/The relevant asset to which the Notes relate [is/are] [●].*
- (iii) Cut-Off Date: *[●]/[As specified in Condition 4(b)]*
- (iv) Settlement Business Day(s): *[specify]*
- (v) Delivery Agent: *[Not applicable/specify]*
- (vi) Failure to Deliver due to Illiquidity: *[Applicable/Not applicable]*

*(N.B. Only applicable in the case of Physical Delivery Notes - Failure to Deliver due to Illiquidity is applicable to certain*

<sup>11</sup> Not applicable to Commodity Linked Notes or Credit Linked Notes.

*Share or ETI Linked Notes. Careful consideration should be given to whether Failure to Deliver due to Illiquidity would apply to other Physical Delivery Notes)*

**60. Variation of Settlement:**

- (i) Issuer's option to vary settlement: The Issuer [has/does not have] the option to vary settlement in respect of the Notes.
- (ii) Variation of Settlement of Physical Delivery Notes: [Notwithstanding the fact that the Notes are Physical Delivery Notes, the Issuer may make payment of the Final Redemption Amount on the Maturity Date and the provisions of Condition 4(b)(ii)(B) will apply to the Notes.]/[The Issuer will procure delivery of the Entitlement in respect of the Notes and the provisions of Condition 4(b)(ii)(B) will not apply to the Notes.]

**61. CNY Payment Disruption Event:**

[Applicable]/[Not applicable]

*If applicable:*

[Postponement: [Applicable/Not applicable]]

[Payment of Equivalent Amount: [Applicable/Not applicable]]

Equivalent Amount Settlement Currency: *[specify]*

Equivalent Amount Price Source: *[specify]*

Equivalent Amount Settlement Valuation Time: *[specify]*/[As per Conditions]]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

**62. Form of Notes:**

[Certificated Notes]

[Uncertificated Notes]

**63. Financial Centre(s) or other special provisions relating to Payment Days for the purposes of Condition 4(a):**

[Not applicable/give details] *(Note that this paragraph relates to the date of payment and not the end dates of interest periods for the purposes of calculating the amount of interest, to which sub-paragraph 42 relates. All relevant Financial Centre(s) (including the location of the relevant agent(s)) should be included other than Target2)*

**64. Details relating to Notes redeemable in instalments: amount of each instalment, date on which each payment is to be made:**

[Not applicable/give details]

- (i) Instalment Amounts: [●]
- (ii) Instalment Dates: [●]

**65. Redenomination, renominatisation and reconventioning provisions:**

[Not applicable/The provisions [in Condition 7] apply]

66. Calculation Agent: [BNP Paribas Arbitrage S.N.C.]/[BNP Paribas]/ [Specify other]  
Calculation Agent address for the purpose of the Noteholder Account Information Notice: [specify]
67. Masse (Condition 17.2): [Applicable]/[Not applicable] *[If applicable, insert below details of Representative and alternate Representative and remuneration, if any:*  
  
[Name and address of the Representative: [●]]  
  
[Name and address of the alternate Representative: [●]]  
  
[The Representative will receive no remuneration/The Representative will receive a remuneration of [●]].
68. Governing Law: [English]/[French] law
69. Special conditions or other modifications to the Terms and Conditions: [specify]/[Not applicable]
70. Identification information of Noteholders: [Applicable/Not applicable]

## DISTRIBUTION

71. (i) If syndicated, names [and addresses] of Managers [and underwriting commitments/quotas (material features)] (specifying Lead Manager): [Not applicable/give names]  
  
(ii) Date of [Subscription Agreement]: [●]  
  
(iii) Stabilisation Manager (if any): [Not applicable/give name]
72. Total commission and concession: [●] per cent. of the Aggregate Nominal Amount
73. U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D<sup>12</sup>/ TEFRA Not applicable]
74. Additional U.S. Federal income tax considerations: [Not Applicable] [The Notes are [not] Specified Securities for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986.] *(The Notes will not be Specified Securities if they (i) are issued prior to 1 January 2017 or (ii) do not reference any U.S. equity or any index that contains any component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities. If the Notes are issued on or after 1 January 2017 and reference a U.S. equity or an index that contains a component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities, further analysis would be required.)*

## RESPONSIBILITY

<sup>12</sup> Only applicable in respect of Notes which satisfy the criteria set out in Note Condition 1 (Form, Denomination and Title).

The Issuer accepts responsibility for the information contained in these Final Terms. To the best of the knowledge of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information. [The information included [in the Annex] (the "[●] **Information**") consists of extracts from or summaries of information that is publicly available in respect of [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced inaccurate or misleading.]<sup>13</sup>

Signed on behalf of BNP Paribas Arbitrage Issuance B.V.

As Issuer:

By:

Duly authorised

The Guarantor accepts responsibility for the information contained in these Final Terms. To the best of the knowledge of the Guarantor (who has taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information. [The information included in [the Annex] (the "[●] **Information**") consists of extracts from or summaries of information that is publicly available in respect of [●]. The Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced inaccurate or misleading.]<sup>14</sup>

Signed on behalf of BNP Paribas

As Guarantor:

By:

Duly authorised

---

<sup>13</sup> Include only if such information has been included.

<sup>14</sup> Include only if such information has been included.

## PART B– OTHER INFORMATION

### 1. Listing and Admission to trading

- (i) Listing and admission to trading: [The Notes are unlisted.]/[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted provisionally to trading on SIX Structured Products Exchange Ltd. or SIX Swiss Exchange with effect from [●]. Application for listing on SIX Swiss Exchange will be made by the Issuer (or on its behalf) for the Notes as soon as possible thereafter. The last day of trading is expected to be [●]<sup>15</sup>].[with effect from [●]]]

*(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading)*

[●]

### 2. Additional information Required for Securities to be listed on SIX Swiss Exchange

Listing/Trading information: Trading Size and Ratio: *[minimum and maximum trading size and the standard exercise ratio]*

First Trading Day: *[first trading day]*

Last Trading Day and Time: *[last trading day as well as the time of day at which trading shall cease]<sup>16</sup>*

Capital Protection: *[Capital protection [specify] /no capital protection]*

Type of quoting: *[the Notes are traded or quoted including accrued interest (dirty trading)] [accrued interest is shown separately (clean trading)]*

Information relating to underlyings: *[insert the information on the underlying instruments required by section 4 of scheme F of the SIX Swiss Exchange and the tax information in relation to a purchase of underlying instruments required by section 3.2.12 of scheme F of the SIX Swiss Exchange, to the extent such information is not already included elsewhere in the Final Terms.]*

Additional information: Name and address of the representative for purposes of Article 43 of the Listing Rules of the SIX Swiss Exchange: BNP Paribas (Suisse) SA, [Selnaustrasse 16, CH-8022, Zurich,] Switzerland.

No Material Adverse Change. Save as disclosed in the Base Prospectus, there has been no material adverse change, nor any event involving a prospective material adverse change in the financial and

<sup>15</sup> Two SIX Swiss Exchange trading days prior to Termination Date.

<sup>16</sup> Two SIX Swiss Exchange trading days prior to Termination Date.

trading position of the Issuer and the Guarantor since *[insert date of the most recently published audited financial statements]*.

### 3. Ratings

[The Notes to be issued [have been]/[are expected to be] rated *[insert details]* by *[insert the legal name of the relevant credit rating agency entity(ies)]*.]

[The Notes have not been rated.]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider:*

**[●]**

***EITHER*** *[[Insert the legal name of the relevant CRA entity]* is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). As such *[insert the legal name of the relevant CRA entity]* is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]

**OR** *[[Insert the legal name of the relevant non-EU CRA entity]* is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). *[Insert the legal name of the relevant non-EU CRA entity]* is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

**OR** *[[Insert the legal name of the relevant non-EU CRA entity]* is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings have been endorsed by *[insert the legal name of the relevant EU-registered CRA entity]* in accordance with the CRA Regulation. *[Insert the legal name of the relevant EU CRA entity]* is established in the European Union and registered under the CRA Regulation. As such *[insert the legal name of the relevant EU CRA entity]* is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico *(delete as appropriate)*] which have been endorsed by *[insert the legal name of the relevant EU CRA entity that applied for registration]* may be used in the EU by the relevant market participants.]

**OR** *[[Insert the legal name of the relevant non-EU CRA entity]* is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**), but it *[is]/[has applied to be]* certified in



accordance with the CRA Regulation[ **[EITHER:]** and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] [ **[OR:]** although notification of the corresponding certification decision has not yet been provided by the European Securities and Markets Authority and *[insert the legal name of the relevant non-EU CRA entity]* is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

**OR** *[Insert the legal name of the relevant CRA entity]* is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority [ and *[insert the legal name of the relevant CRA entity]* is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].]

**OR** *[Insert the legal name of the relevant non-EU CRA entity]* is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation of *[insert the legal name of the relevant EU CRA entity that applied for registration]*, which is established in the European Union, disclosed the intention to endorse credit ratings of *[insert the legal name of the relevant non-EU CRA entity]*, although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority and *[insert the legal name of the relevant EU CRA entity]* is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].] The European Securities Markets Authority has indicated that ratings issued in [Japan / Australia / the USA / Canada / Hong Kong / Singapore / Argentina / Mexico *(delete as appropriate)*] which have been endorsed by *[insert the legal name of the relevant EU CRA entity that applied for registration]* may be used in the EU by the relevant market participants.]

#### **4. [Risk Factors]**

*[Include any product specific risk factors which are not covered under "Risk Factors" in the Base Prospectus. If any such additional risk factors need to be included, consideration should be given as to whether they constitute "significant new factors" and consequently trigger a supplement to the Base Prospectus.]]*

#### **5. [Interests of Natural and Legal Persons Involved in the [Issue/Offer]**

*[Need to include a description of any interest, including conflicting interest, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following*

*statement:*

"Save as discussed [in the "*Potential Conflicts of Interest*" paragraph in the "*Risk Factors*" in the Base Prospectus], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]]

**6. Performance of Rates of Exchange/Index/ Share/ Commodity/ Inflation/ Foreign Exchange Rate/ Fund/ Reference Entity/ Entities/ ETI Interest/ Formula and Other Information concerning the Underlying Reference**

*[Need to include details of where past and further performance and volatility of the index/formula/commodity/rates/reference entity/fund/other variables can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

*[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]*

*[Where the underlying is a security need to include the name of the issuer of the security and the ISIN (International Security Identification Number) or such other security identification number. Where the underlying is a basket of underlying, need to include the relevant weightings of each underlying in the basket.]*

The Issuer [intends to provide post-issuance information *[specify what information will be reported and where it can be obtained]*][does not intend to provide post-issuance information].

**7. OPERATIONAL INFORMATION**

(i) Relevant Clearing System(s): [SIX SIS Ltd, Olten, Switzerland]

*[N.B. Ensure all relevant entities have been appointed and formalities complied with in accordance with the rules of regulations of the relevant clearing system]*

(ii) Delivery: Delivery *[against/free of]* payment

**PART C - OTHER APPLICABLE TERMS**

*[specify]*

## **ANNEX – ANNEX FOR CREDIT SECURITIES**

[●]

## FORM OF FINAL TERMS FOR W&C SECURITIES

### FINAL TERMS DATED [●]

#### [BNP Paribas Arbitrage Issuance B.V.]

*(incorporated in The Netherlands)  
(as Issuer)]*

#### BNP Paribas

*(incorporated in France)  
(as [Issuer] [Guarantor])*

(Note, Warrant and Certificate Programme)

[insert title of Securities]

#### [BNP Paribas Arbitrage S.N.C.]

*(as Manager)]*

## PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated *[date]* [, [the][each] Supplement[s] to the Base Prospectus published and approved on or before the date of these Final Terms (copies of which are available as described below) and any other Supplement to the Base Prospectus which may have been published and approved before the issue of any additional amount of Securities] (the "**Supplements**") (provided that to the extent any such Supplement (i) is published and approved after the date of these Final Terms and (ii) provides for any change to the Conditions of the Securities such changes shall have no effect with respect to the Conditions of the Securities to which these Final Terms relate) which [together] constitute[s] an "issuance programme" for the purposes of the listing rules of SIX Swiss Exchange (the "**SIX Listing Rules**"), as supplemented by the Additional Rules for the Listing of Derivatives (the "**Additional Listing Rules for Derivatives**") or the Additional Rules for the Listing of Bonds (the "**Additional Listing Rules for Bonds**"), as the case may be, ( collectively with the SIX Listing Rules, the "**Listing Rules**") (the "**Base Prospectus**"). This document constitutes the Final Terms of the Securities described herein and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on [BNP Paribas Arbitrage Issuance B.V.]/[BNP Paribas] (the "**Issuer**") and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and any Supplement(s) to the Base Prospectus] [and these Final Terms]<sup>1</sup> [is/are] available free of charge during normal business hours from BNP Paribas Securities Services, Paris, Succursale de Zurich. Written or oral requests for such documents should be directed to the Principal Security Agent at its principal office set out at the end of the Base Prospectus or may be obtained by telephone (+41 58 212 6335) or fax (+41 58 212 6360). In addition, copies of any documents incorporated by reference will be made available, along with the Base Prospectus, for viewing on the website of BNPP at the following address [www.bnpparibasmarkets.ch](http://www.bnpparibasmarkets.ch) or any other website specified in the applicable Final Terms.

*[The following alternative language applies if the first series of an issue which is being increased was issued under a Base Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated *[original date]* [, [the][each] Supplement[s] to the Base Prospectus published and approved on or before the date of these Final Terms (copies of which are available as described below) and any other Supplement to the

<sup>1</sup> Include in respect of issues of Securities that are listed.

Base Prospectus which may have been published and approved before the issue of any additional amount of Securities] (the "**Supplements**") (provided that to the extent any such Supplement (i) is published and approved after the date of these Final Terms and (ii) provide for any change to the Conditions of the Securities such changes shall have no effect with respect to the Conditions of the Securities to which these Final Terms relate) which are incorporated by reference in the Base Prospectus dated [current date] [and any Supplement[s] to the Base Prospectus] and are attached hereto. This document constitutes the Final Terms of the Securities described herein and must be read in conjunction with the Base Prospectus dated [original date] [and the Supplement[s] to the Base Prospectus], the Base Prospectus dated [current date] [and any Supplement[s] to the Base Prospectus]. Full information on [BNP Paribas Arbitrage Issuance B.V.]/[BNP Paribas] (the "**Issuer**") and the offer of the Securities is only available on the basis of the combination of these Final Terms, the Base Prospectus dated [original date] [and the Supplement[s] to the Base Prospectus] and the Base Prospectus dated [current date] [and any Supplement[s] to the Base Prospectus]. The Base Prospectus is available free of charge during normal business hours from BNP Paribas Securities Services, Paris, Succursale de Zurich. Written or oral requests for such documents should be directed to the Principal Security Agent at its principal office set out at the end of the Base Prospectus or may be obtained by telephone (+41 58 212 6335) or fax (+41 58 212 6360). In addition, copies of any documents incorporated by reference will be made available, along with the Base Prospectus, for viewing on the website of BNPP at the following address [www.bnpparibasmarkets.ch](http://www.bnpparibasmarkets.ch) or any other website specified in the applicable Final Terms.

*[The following alternative language applies in respect of issues of Securities where the offer period spans a supplement to the Base Prospectus or an update to the Base Prospectus]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated [date] [, [the] [each] Supplement[s] to the Base Prospectus published and approved on or before the date of these Final Terms (copies of which are available as described below) ([together,] the "**2016 Base Prospectus**")], notwithstanding the publication and approval of [any [other] Supplement to the 2016 Base Prospectus (each a "**2016 Future Supplement**")], which may have been published and approved after the date of these Final Terms and before the issue of the Securities to which these Final Terms relate] [and/or] [an updated Base Prospectus (any Supplement(s) thereto (each a "**2017 Future Supplement**")], which will replace the 2016 Base Prospectus (the "**2017 Base Prospectus**")]] (the date of any such publication and approval, each a "**Publication Date**"), which together constitute an issuance programme for the purposes of the listing rules of SIX Swiss Exchange (the "**SIX Listing Rules**"), as supplemented by the Additional Rules for the Listing of Derivatives (the "**Additional Rules for Derivatives**") or the Additional Rules for the Listing of Bonds (the "**Additional Rules for Bonds**"), as the case may be (collectively with the SIX Listing Rules, the "**Listing Rules**"). This document constitutes the Final Terms of the Securities described herein and (i) prior to any Publication Date, must be read in conjunction with the 2016 Base Prospectus, or (ii) on and after any Publication Date, must be read in conjunction with [the 2016 Base Prospectus, as supplemented by any 2016 Future Supplement as at such date] [or, as applicable,] [the 2017 Base Prospectus, as supplemented by any 2017 Future Supplement as at such date], save in respect of the Conditions which are extracted from the 2016 Base Prospectus]. Full information on [BNP Paribas Arbitrage Issuance B.V.]/[BNP Paribas] (the "**Issuer**") and the offer of the Securities is only available on the basis of the combination of these Final Terms and (i) prior to any Publication Date, the 2016 Base Prospectus, or (ii) on or after any Publication Date, [the 2016 Base Prospectus, as supplemented by any 2016 Future Supplement as at such date] [or, as applicable,] [the 2017 Base Prospectus, as supplemented by any 2017 Future Supplement as at such date], save in respect of the Conditions, which are extracted from the 2016 Base Prospectus. The 2016 Base Prospectus[,] [and] [any 2016 Future Supplement][,] [and] [the 2017 Base Prospectus][,] [and] [any 2017 Future Supplement] [and these Final Terms]<sup>2</sup> may be obtained free of charge during normal business hours from BNP Paribas Securities Services, Paris, Succursale de Zurich. Written or oral requests for such documents should be directed to the Principal Security Agent at its principal office set out at the end of the relevant Base Prospectus, as supplemented, or may be obtained by telephone (+41 58 212 6335) or fax (+41 58 212 6330). In addition, copies of any documents incorporated by reference will be made available, along with the 2016 Base Prospectus[,] [and] [any 2016 Future Supplement] [and] [the 2017 Base Prospectus and any 2017 Future Supplement] for viewing on the website of BNPP at the following address [www.bnpparibasmarkets.ch](http://www.bnpparibasmarkets.ch) or any other website specified in the applicable Final Terms.

<sup>2</sup> Include in respect of issues of Securities that are listed.

[Include whichever of the following apply or specify as "Not applicable" (N/A). Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub paragraphs. Italics denote directions for completing the Final Terms. However, such numbering may change where individual paragraphs or sub-paragraphs are removed.]

References herein to numbered Conditions are to the terms and conditions of the relevant series of Securities and words and expressions defined in such terms and conditions shall bear the same meaning in these Final Terms in so far as they relate to such series of Securities, save as where otherwise expressly provided.

These Final Terms relate to the series of Securities as set out in "Specific Provisions for each Series" below. References herein to "**Securities**" shall be deemed to be references to the relevant Securities that are the subject of these Final Terms and references to "**Security**" shall be construed accordingly.

The Securities do not constitute collective investment schemes in the meaning of the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). Accordingly, holders of the Securities do not benefit from protection under the CISA or supervision by the Swiss Financial Market Supervisory Authority ("**FINMA**"). Further, investors are exposed to the Issuer's and the Guarantor's insolvency risk.

If and to the extent the Securities will be listed on SIX Swiss Exchange, no simplified prospectus in the meaning of Article 5 para. 2 CISA in accordance with Article 4 para. 4 of the Swiss Federal Ordinance on Collective Investment Schemes ("**CISO**") must be prepared.

## SPECIFIC PROVISIONS FOR EACH SERIES

| SERIES NUMBER | NO. OF SECURITIES ISSUED | NO OF SECURITIES | [NO. OF WARRANTS PER UNIT] | ISIN/ [ ] | COMMON CODE | ISSUE PRICE PER [SECURITY/ UNIT]                     | [CALL/ PUT]              | [EXERCISE PRICE]                   | [[SCHEDULED] REDEMPTION DATE] | [EXERCISE PERIOD/ DATE] | [RELEVANT JURISDICTION] | [SHARE AMOUNT/ DEBT SECURITY AMOUNT] | [PARITY] |
|---------------|--------------------------|------------------|----------------------------|-----------|-------------|--|--------------------------|------------------------------------|-------------------------------|-------------------------|-------------------------|--------------------------------------|----------|
| [●]           | [●]                      | [Up to] [●]      | [●]                        | [●]       | [●]         | [[insert currency] [●]]/[●]% of the Notional Amount] | [call/ put]              | [insert currency] [●]              | [●]/[Open End] <sup>3</sup>   | [●]                     | [●]                     | [●]                                  | [●]      |
| [●]           | [●]                      | [Up to] [●]      | [●] <sup>4</sup>           | [●]       | [●]         | [[insert currency] [●]]/[●]% of the Notional Amount] | [call/ put] <sup>5</sup> | [insert currency] [●] <sup>6</sup> | [●]/[Open End] <sup>7</sup>   | [●] <sup>8</sup>        | [●] <sup>9</sup>        | [●]                                  | [●]      |

## GENERAL PROVISIONS

The following terms apply to each series of Securities:

1. Issuer: [BNP Paribas Arbitrage Issuance B.V.]/[BNP Paribas]
2. [Guarantor: BNP Paribas]
3. Trade Date: [*specify*]
4. Issue Date [and Interest Commencement Date]<sup>10</sup>: [*specify*]

<sup>3</sup> Include for Open Ended Securities

<sup>4</sup> Include for Warrants if applicable.

<sup>5</sup> Include for Warrants.

<sup>6</sup> Include for Warrants.

<sup>7</sup> Include for Credit Securities and Fund Securities.

<sup>8</sup> Include for Warrants.

<sup>9</sup> Include for Certificates.

<sup>10</sup> In the case of Certificates which bear interest.

5. Consolidation: The Securities are to be consolidated and form a single series with the *[insert title of relevant series of Securities]* issued on *[insert issue date]*/[Not applicable]
6. Type of Securities:
- (a) [Warrants/Certificates]
  - (b) The Securities are [Index Securities/Share Securities/ETI Securities/Debt Securities/Commodity Securities/Inflation Index Securities/Currency Securities/Fund Securities/Futures Securities/Credit Securities/OET Certificates/Hybrid Securities/*[specify other type of Security]*].
- [The Warrants are [European/American/(specify other)] Style Warrants.
- The Warrants are [Turbo/Quanto/Digital/[Bull/Bear/Capped] Spread] Call Warrants or [Turbo/Quanto/Digital/ [Bull/Bear/Floored] Spread] Put Warrants/*[specify other]*.]
- Automatic Exercise [applies/does not apply]. (*N.B. Automatic Exercise may only apply in relation to Cash Settled Warrants.*)<sup>11</sup>
- [[The Certificates are [Reverse Convertible Certificates/Athena Certificates/Plus Certificates/[Call/Put] Certificates/Turbo[Call/Put] Certificates/Turbo Pro [Call/Put] Certificates]/[Open End Certificates]/[Open End Turbo Certificates [and are OET [Call/Put]]/*[specify other]*].]
- [The provisions of Annex 1 (*Additional Terms and Conditions for Index Securities*) shall apply.] [The provisions of Annex 2 (*Additional Terms and Conditions for Share Securities*) shall apply.] [The provisions of Annex 3 (*Additional Terms and Conditions for ETI Securities*) shall apply.] [The provisions of Annex 4 (*Additional Terms and Conditions for Debt Securities*) shall apply.] [The provisions of Annex 5 (*Additional Terms and Conditions for Commodity Securities*) shall apply.] [The provisions of Annex 6 (*Additional Terms and Conditions for Inflation Index Securities*) shall apply.] [The provisions of Annex 7 (*Additional Terms and Conditions for Currency Securities*) shall apply.] [The provisions of Annex 8 (*Additional Terms and*

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<sup>11</sup> Include for Warrants.



*Conditions for Fund Securities*) shall apply.] [The provisions of Annex 1/2/4 (*Additional Terms and Conditions for [Index/Share/Debt] Securities*)) shall apply.] [The provisions of Annex 9 (*Additional Terms and Conditions for Futures Securities*) shall apply.] [The provisions of Annex 10 (*Additional Terms and Conditions for Credit Securities*) shall apply.] [The provisions of Annex [1/2/3/4/5/7]<sup>12</sup> (*Additional Terms and Conditions for [Index/Share/ETI/Debt/Commodity/Currency] Securities*) and Annex 11 (*Additional Terms and Conditions for OET Certificates*) shall apply.]

7. Form of Securities: [Certificated Securities]/[Uncertificated Securities]
8. Business Day Centre(s): The applicable Business Day Centre[s] for the purposes of the definition of "Business Day" in Condition 1 [is/are] [●].
9. Settlement: Settlement will be by way of [cash payment (Cash Settled Securities)] [and/or] [physical delivery (Physical Delivery Securities)].
10. Variation of Settlement:
  - (a) Issuer's option to vary settlement: The Issuer [has/does not have] the option to vary settlement in respect of the Securities.  
  
*(N.B. If the Issuer does not have the option to vary settlement in respect of the Securities, delete the sub-paragraphs of this paragraph 10)*
  - (b) Variation of Settlement of Physical Delivery Securities: [Notwithstanding the fact that the Securities are Physical Delivery Securities, the Issuer may make payment of the Cash Settlement Amount on the Settlement Date (in the case of Warrants) or on the Redemption Date (in the case of Certificates), and the provisions of Condition 5 will apply to the Securities/The Issuer will procure delivery of the Entitlement in respect of the Securities and the provisions of Condition 5 will not apply to the Securities.]
11. Relevant Asset(s): The relevant asset to which the Securities relate [is/are] [●]. *(N.B. Only applicable in relation to Physical Delivery Securities that are not Credit Securities)*
12. Entitlement: [Applicable/Not applicable]
  - (a) [The Entitlement (as defined in Condition 1)]

<sup>12</sup> For OET Certificates include relevant Annex and complete relevant section for Index/Share/Commodity/Currency/Debt Securities and include Annex 11 and complete paragraph 32 as appropriate.

in relation to each Security is [●].]

(b) [The Entitlement will be evidenced by *[insert details of how the Entitlement will be evidenced]*.]

(c) [The Entitlement will be [delivered]  
[Delivered] *[insert details of the method of delivery of the Entitlement]*.]

*(N.B. Only applicable in relation to Physical Delivery Securities)*

13. [Exchange Rate]<sup>13</sup>/[Conversion Rate]<sup>14</sup>: The applicable rate of exchange for conversion of any amount into the relevant settlement currency for the purposes of determining the Settlement Price (as defined in the relevant Annex to the Terms and Conditions) or the Cash Settlement Amount (as defined in Condition 1) is *[insert rate of exchange and details of how and when such rate is to be ascertained]/[specify]/[As specified in the OET Certificate Conditions]/[Not applicable]*.
14. Settlement Currency: The settlement currency for the payment of [the Cash Settlement Amount] *(in the case of Cash Settled Securities)/[the Disruption Cash Settlement Price] (in the case of Physical Delivery Securities)* is [●].
15. Syndication: The Securities will be distributed on a [non-] syndicated basis.  
*[if syndicated, specify names of the Managers]*
16. Minimum Trading Size: *[specify]/[Not applicable]*
17. Security Agent: *[specify]*<sup>15</sup>
18. Calculation Agent: [BNP Paribas]/[BNP Paribas Arbitrage S.N.C.]/*[specify other]/[Insert address]*.
19. Governing law: [English/French] law
20. Special conditions or other modifications to the Terms and Conditions: *[specify]/[Not applicable]*
21. Masse provisions<sup>16</sup> (Condition 9.4): [Applicable]/[Not applicable] *[If applicable, insert below details of Representative and alternate Representative and remuneration, if any:*  
  
*[Name and address of the Representative: [●]]*

<sup>13</sup> Applicable for Securities other than OET Certificates.

<sup>14</sup> Applicable for OET Certificates.

<sup>15</sup> Any local agent shall be specified in Part B of the Final Terms.

<sup>16</sup> Applicable if the Securities are French law-governed.

Name and address of the alternate Representative:  
[●]

[The Representative will receive no remuneration/The Representative will receive a remuneration of [●]].

## PRODUCT SPECIFIC PROVISIONS (ALL SECURITIES)

22. Index Securities: [Applicable/Not applicable]
- (a) Index/Basket of Indices/Index Sponsor(s): [specify name of Index/Indices]
- [specify name of Index Sponsor(s)]
- [The [●] Index is a [Component Security]/[Multi-Exchange] Index.]<sup>17</sup>
- [The [●] Index is a Custom Index]<sup>18</sup>
- (b) Index Currency: [specify]
- (c) Exchange(s): [specify]
- (d) Related Exchange(s): [specify]/[All Exchanges]
- (e) Exchange Business Day: [Single Index Basis/All Indices Basis/Per Index Basis]
- (f) Scheduled Trading Day: [Single Index Basis/All Indices Basis/Per Index Basis]
- (Must match election made for Exchange Business Day)
- (g) Weighting: [The weighting to be applied to each item comprising the Basket of Indices to ascertain the Settlement Price is [●]. Each such Weighting shall be subject to adjustment in accordance with Annex 1]/[specify other]. (N.B. Only applicable in relation to Securities relating to a Basket of Indices)]
- (h) Settlement Price: The Settlement Price will be calculated [insert calculation method if different from Annex 1]
- (i) Disrupted Day: [If the relevant Settlement Price Date or an Averaging Date, as the case may be, is a Disrupted Day, the Settlement Price will be calculated [insert calculation method]. (N.B. Only applicable in the case of the Indices other than Custom Indices)]
- [If the Valuation Date (in the case of Warrants) or Redemption Valuation Date (in the case of Certificates), or Observation Date or an Averaging

<sup>17</sup> Specify each Component Security Index and/or Multi-Exchange Index (if any).

<sup>18</sup> Specify each Custom Index (if any).

Date is a Disrupted Day, the Settlement Price will be calculated in accordance with Annex 1] [insert Calculation Method.] (N.B. Only applicable in the case of Custom Indices)

- (j) Specified Maximum Days of Disruption: [As defined in Condition 1]/[specify] Scheduled Trading Days].

*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*

- (k) Valuation Time: [Continuous monitoring [specify other] and the relevant time on the relevant Settlement Price Date or Averaging Date, as the case may be, is [Scheduled Closing Time (in the case of Warrants) or the Valuation Time (in the case of Certificates)] each as defined in Condition 1.] [specify].]

*(N.B. If no Valuation Time is specified, the Valuation Time will be the Scheduled Closing Time as defined in Condition 1. Not applicable in the case of Custom Indices).*

[As per the Conditions]/[●], being the time specified on the last Valuation Date or an Averaging Date or Observation Date as the case may be, for the calculation of the Settlement Price (N.B. Only applicable in the case of Custom Indices).]

- (l) Delayed Redemption on Occurrence of an Index Adjustment Event (in the case of Certificates only): [Applicable/Not applicable]

- (m) Index Correction Period: [As per Conditions/specify]

- (n) Other terms or special conditions: [Not applicable/specify]

- (o) Additional provisions applicable to Custom Indices: [Applicable/Not applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Screen Page: [specify]

- (ii) Custom Index Business Day: [All Indices Basis/Per Index Basis/Single Index Basis]

- (iii) Scheduled Custom Index Business Day: [All Indices Basis/Per Index Basis/Single Index Basis]

*(N.B. Must match election made for Custom Index Business Day)*

- (iv) Custom Index Correction [As per Conditions/specify]

Period:

- |            |   |  |
|------------|---|--|
| (v)        | Delayed Redemption on Occurrence of a Custom Index Adjustment Event (in the case of Certificates only): | [Applicable/Not applicable]  |
| (vi)       | Custom Index Disruption Event:  | <p>[[Specified Maximum Days of Disruption will be equal to: [●]]/[As per Conditions]]</p> <p><i>(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to twenty).</i></p> |
| (p)        | Additional provisions applicable to Futures Price Valuation:  | <p>[Applicable/Not applicable]</p> <p><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i></p>  |
| (i)        | Exchange-traded Contract:   | [specify]/[If the Index Securities are Rolling Futures Contract Securities: Condition 9.2 applies]   |
| (ii)       | Delivery or expiry month:   | [specify]/[Not applicable]   |
|            |   | <i>(Not applicable in the case of Index Securities that are Rolling Futures Contract Securities)</i>   |
| (iii)      | Period of Exchange-traded Contracts:  | [specify]/[Not applicable]   |
|            |   | <i>(Only applicable in case of Index Securities that are Futures Rollover Securities)</i>  |
| (iv)       | Futures or Options Exchange:  | [specify]  |
| (v)        | Rolling Futures Contract Securities:  | [Yes/No]   |
| (vi)       | Futures Rollover [Date/Period]:   | [Not applicable]/[specify]   |
| <b>23.</b> | Share Securities:   | [Applicable/Not applicable]  |
| (a)        | Share(s)/Share Company/Basket Company/GDR/ADR:  | <p>[insert type of Share(s) and Share Company/Basket Companies]</p> <p><i>[Insert details of GDR/ADR]<sup>19</sup></i></p>   |
| (b)        | Relative Performance Basket:  | [Not applicable/specify]   |
| (c)        | Share Currency:   | [specify]  |

<sup>19</sup> Specify each GDR or ADR (if any). In the case of Share Securities relating to a GDR/ADR, complete Share Securities Final Terms as applicable for GDR/ADR reference asset(s).

- (d) Exchange(s): [specify]
- (e) Related Exchange(s): [specify]/[All Exchanges]
- (f) Exchange Business Day: [Single Share Basis/All Shares Basis/Per Share Basis]
- (g) Scheduled Trading Day: [Single Share Basis/All Shares Basis/Per Share Basis]
- (Must match election made for Exchange Business Day)*
- (h) Weighting: [The weighting to be applied to each item comprising the Basket of Shares to ascertain the Settlement Price is [●]. Each such Weighting shall be subject to adjustment [in accordance with Annex 2]/[specify other]. (N.B. Only applicable in relation to Securities relating to a Basket of Shares)]
- (i) Settlement Price: The Settlement Price will be calculated [insert calculation method if different from Annex 2]. (N.B. If Settlement Price includes formula incorporating initial closing price, use term "Initial Price" for relevant definition.)
- (j) Disrupted Day: If the relevant Settlement Price Date or an Averaging Date, as the case may be, is a Disrupted Day, the Settlement Price will be calculated [insert calculation method].
- (k) Specified Maximum Days of Disruption: [As defined in Condition 1 ]/[specify]Scheduled Trading Days].
- (If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*
- (l) Valuation Time: [Continuous monitoring [specify other] and the relevant time on the relevant Settlement Price Date or Averaging Date, as the case may be, is the Scheduled Closing Time as defined in Condition Annex 2.] [specify] (N.B. If no Valuation Time is specified, the Valuation Time will be the Scheduled Closing Time as defined in Annex 2)
- (m) Delayed Redemption on Occurrence of an Extraordinary Event (in the case of Certificates only): [Not applicable/Applicable]
- (n) Share Correction Period [As per Conditions/specify]
- (o) Dividend Payment: [Applicable/Not applicable]

|            |     |   |   |
|------------|-----|---|---|
|            | (p) | Listing Change:                               | [Applicable/Not applicable]   |
|            | (q) | Listing Suspension:                           | [Applicable/Not applicable]   |
|            | (r) | Illiquidity:                                  | [Applicable/Not applicable]   |
|            | (s) | Tender Offer:                                 | [Applicable/Not applicable]   |
|            | (t) | Other terms or special conditions:            | [Not applicable]/[specify]  |
| <b>24.</b> |     | ETI Securities                                | [Applicable/Not applicable]   |
|            | (a) | ETI/ETI Basket:                               | [specify]   |
|            | (b) | ETI Interest(s):                              | [insert type of ETI Interest(s)]  |
|            | (c) | ETI Related Party:                            | [As per Conditions]/[specify]   |
|            | (d) | ETI Documents:                                | [As per Conditions]/[specify]   |
|            | (e) | Exchange(s):                                  | [specify]/[Not applicable]  |
|            | (f) | Related Exchange:                             | [specify]/[All Exchanges]/[Not applicable]  |
|            | (g) | Scheduled Trading Day:                        | [All ETI Interests Basis/Per ETI Interest Basis/Single ETI Interest Basis]  |
|            | (h) | Exchange Business Day:                        | [All ETI Interests Basis/Per ETI Interest Basis/Single ETI Interest Basis]  |
|            | (i) | Calculation Date(s):                          | [As per Conditions]/[specify]   |
|            | (j) | Initial Calculation Date:                     | [specify]/[Not applicable]  |
|            | (k) | Final Calculation Date:                       | [specify]/[Not applicable]  |
|            | (l) | Hedging Date:                                 | [specify]   |
|            | (m) | Investment/AUM Level:                         | [As per Conditions]/[specify]   |
|            | (n) | Value per ETI Interest Trading Price Barrier: | [As per Conditions]/[specify]   |
|            | (o) | Number of Value Publication Days:             | [[●] calendar days] [[●] Value Business Days]<br>[Value Business Day Centre(s): [specify]<br><br>(Only applicable if Number of Value Publication Days is calculated by reference to Value Business Days)] |
|            | (p) | Value Trigger Percentage:                     | [As per Conditions]/[specify]   |
|            | (q) | Value Trigger Period:                         | [As per Conditions]/[specify]   |
|            | (r) | Basket Trigger Level:                         | [As per Conditions]/[specify]   |

|      |  |  |
|------|--|--|
| (s)  | Settlement Price:  | The Settlement Price will be calculated [ <i>insert calculation method if different from Annex 3</i> ]<br><br>[Official closing price]/[Value per ETI Interest]  |
| (t)  | Weighting:   | The Weighting to be applied to each ETI Interest comprising the ETI Basket is [ <i>specify</i> ]   |
| (u)  | Valuation Time:  | [ <i>specify</i> ]   |
| (v)  | Specified Maximum Days of Disruption:  | [As per Conditions]/[ <i>specify</i> ]<br><br><i>(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)</i>  |
| (w)  | Additional Extraordinary ETI Event(s):   | [ <i>specify</i> ]   |
| (x)  | Maximum Stock Loan Rate:   | [The Maximum Stock Loan Rate in respect of [ <i>specify in relation to each relevant ETI Interest</i> ] is [●].]   |
| (y)  | ETI Interest Correction Period:  | [ <i>specify</i> ]   |
| (z)  | Termination Amount:  | [Principal Protected Termination Amount]/[Non-Principal Protected Termination Amount]/[As per Conditions]/[ <i>specify</i> ]<br><br><i>(N.B. Principal Protected Termination Amount and Non-Principal Protection Termination Amount are applicable to Certificates only)</i> |
| (aa) | Simple Interest Spread (in the case of Certificates only):   | [As per Conditions]/[ <i>specify</i> ]   |
| (bb) | Termination Date:  | [ <i>specify</i> ]   |
| (cc) | Delayed Redemption on Occurrence of an Extraordinary ETI Event (in the case of Certificates only): | [Applicable/Not applicable]  |
| (dd) | Protected Amount (in the case of Certificates only):   | [ <i>specify</i> ]   |
| (ee) | Other terms or special conditions:   | [Not applicable]/[ <i>specify</i> ]  |
| 25.  | Debt Securities:   | [Applicable/Not applicable]  |
| (a)  | Debt Instruments:  | [ <i>specify</i> ] [Not applicable] ( <i>Not applicable if Futures Price Valuation applicable</i> )  |
| (b)  | Nominal Amount:  | The relevant nominal amount is [●] and the relevant screen page (" <b>Relevant Screen Page</b> ") is [●]. [Not applicable]   |



- (Not applicable if Futures Price Valuation applicable)*
- (c) Exchange Business Day Centre(s): *[specify]*.
- (d) Valuation Time: *[specify]*
- (e) Specified Maximum Days of Disruption: *[[As defined in Condition 1]/[specify] Scheduled Trading Days.] [Not applicable] (Not applicable if Futures Price Valuation applicable)*
- (If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption shall be equal to eight).*
- (f) Delayed Redemption on Occurrence of Debt Instrument Redemption Event (in the case of Certificates only): *[Applicable/Not applicable]*
- [If applicable:*
- |                                     |           |             |         |
|-------------------------------------|-----------|-------------|---------|
| Principal                           | Protected | Termination | Amount: |
| <i>[Applicable/Not applicable]]</i> |           |             |         |
- (Not applicable if Futures Price Valuation applicable)*
- (g) Debt Instrument Correction Period: *[As per the Conditions]/[specify]/[Not applicable]*
- (Not applicable if Futures Price Valuation applicable)*
- (h) Debt Instrument Issuer: *[specify]/[Not applicable]*
- (Not applicable if Futures Price Valuation applicable)*
- (i) Weighting: *[Not applicable/The weighting to be applied to each item comprising the Basket of Debt Instruments to ascertain the Settlement Price is [●]. Each such Weighting shall be subject to adjustment.]*
- (j) Additional provisions applicable to Futures Price Valuation: *[Applicable/Not applicable]*
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Exchange-traded Contract: *[Specify]/[If the Debt Securities are Rolling Futures Contract Securities: Debt Security Condition 7 applies]*
- (ii) Synthetic Debt Instrument: *[include description of the key terms of the synthetic debt instrument]*
- (iii) Delivery or expiry month: *[Specify]/[Not applicable]*
- (Not applicable in the case of Debt Securities that are Rolling Futures Contract Securities)*
- (iv) Period of Exchange-traded Contracts: *[Specify]/[Not applicable]*
- (Only applicable in the case of Debt Securities that are Rolling Futures Contract Securities)*

|            |  |   |
|------------|--|---|
|            | (v) Futures or Options Exchange:   | [Specify]   |
|            | (vi) Rolling Futures Contract Securities:  | [Yes/No]  |
|            | (vii) Futures Rollover [Date/Period]:  | [Not applicable]/[Specify]  |
|            | (viii) Delayed redemption on Non- Commencement or Discontinuance of an Exchange-traded Contract: | [Applicable/Not applicable]<br>[If applicable:<br>Principal Protected Termination Amount:<br>[Applicable/Not applicable]]           |
|            | (ix) Daily Settlement Price Correction Period:   | [As per the Conditions][Specify]  |
|            | (k) Other terms or special conditions:   | [Not applicable]/[specify]  |
| <b>26.</b> | Commodity Securities:  | [Applicable/Not applicable]   |
|            | (a) Commodity/Commodities/ Commodity Index/Commodity Indices:                                    | [specify Commodity/Commodities/Commodity Index/Commodity Indices]<br>[The Sponsor[s] of the Commodity [Index/Indices] [is/are] [●]] |
|            | (b) Pricing Date(s):   | [specify]   |
|            | (c) Initial Pricing Date:  | [specify]   |
|            | (d) Final Pricing Date:  | [specify]   |
|            | (e) Commodity Reference Price:   | [specify]<br>The Price Source is/are [●] <sup>20</sup>  |
|            | (f) Delivery Date:   | [specify]/[Not applicable]  |
|            | (g) Nearby Month:  | [specify]/[Not applicable]  |
|            | (h) Specified Price:   | [specify]/[Not applicable]  |
|            | (i) Exchange:  | [specify]/[Not applicable]  |
|            | (j) Disruption Fallback(s):  | [specify]/[As per Conditions]   |
|            | (k) Valuation Time:  | [Continuous monitoring [specify other] and the relevant time on [insert relevant date(s)].]/[specify]                               |
|            | (l) Specified Maximum Days of Disruption:  | [specify] [[●] Commodity Business Days] <sup>21</sup> /[As per Conditions]  |

<sup>20</sup>

Delete if using automated Commodity Reference Prices

*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption shall be equal to five).*

- (m) Weighting: The Weighting to be applied to each item comprising the Commodity Basket is *[specify]*
- (n) Rolling Futures Contract Securities: [Yes/No]
 

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

  - Futures Rollover [Date/Period]: [Not applicable]/*[specify]*
- (o) Other terms or special conditions: [Not applicable]/*[specify]*
- 27. Inflation Index Securities: [Applicable/Not applicable]
  - (a) Inflation Index/Inflation Indices/Inflation Index Sponsor: *[specify name of inflation index/indices]*  
*[specify name of inflation index sponsor(s)]*
  - (b) Related Bond: [Applicable/Not applicable]
  - (c) Issuer of Related Bond: [Applicable/Not applicable] *[If applicable, specify]*
  - (d) Fallback Bond: [Applicable/Not applicable]
  - (e) Related Bond Redemption Event: [Applicable/Not applicable] *[If applicable, specify]*
  - (f) Substitute Inflation Index Level: [As determined in accordance with Annex 6] *[specify]*.
  - (g) Cut-off Date: In respect of a [Valuation Date], the day that is *[specify]* Business Days prior to such [Valuation Date].
  - (h) Valuation Date: *[specify]*
  - (i) Other terms or special conditions: [Not applicable]/*[specify]*
- 28. Currency Securities: [Applicable/Not applicable]
  - (a) Relevant Screen Page: *[specify]*
  - (b) The relevant base currency (the "**Base Currency**") is: *[specify]*
  - (c) The relevant subject *[specify]*  
[currency/currencies] ([the]/[each a] "**Subject Currency**") [is/are]:
  - (d) Weighting: *[specify]*

<sup>21</sup> Only applicable in respect of Commodity Securities linked to a single Commodity.

- (e) Price Source: *[specify]*
- (f) Specified Maximum Days of Disruption: *[[specify]/[five] Scheduled Trading Days]*  
*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*
- (g) Strike Date: *[specify]*  
 [Currency Convention: [As per Conditions]/  
 [Preceding Currency Convention]/[Modified  
 Following Currency Convention]]
- (h) Averaging Date(s): *[specify]*  
 [Currency Convention: [As per Conditions]/  
 [Preceding Currency Convention]/[Modified  
 Following Currency Convention]]
- (i) Observation Dates: *[specify]*  
 [Currency Convention: [As per Conditions]/  
 [Preceding Currency Convention]/[Modified  
 Following Currency Convention]]
- (j) Settlement Price: *[specify]*
- (k) Valuation Time: *[specify]*
- (l) Valuation Date (in the case of Warrants)/Redemption Valuation Date (in the case of Certificates only): *[specify]*  
 [Currency Convention: [As per Conditions]/  
 [Preceding Currency Convention]/[Modified  
 Following Currency Convention]]
- (m) Delayed Redemption on Occurrence of a Disruption Event (in the case of Certificates only): [Applicable/Not applicable]
- (n) Other terms or special conditions: [Not applicable]/*[specify]*
- 29. Fund Securities:** [Applicable/Not applicable]
- (a) Fund/Fund Basket: *[specify]*  
 [The [●] Fund is a Mutual Fund]  
 [The [●] Fund is a Hedge Fund]  
 [The [●] Fund is a Private Equity Fund]
- (b) Fund Share(s): *[specify]*

- (c) Fund Documents: [As per Conditions]/[specify]
- (d) Fund Business Day: [All Fund Share Basis/Per Fund Share Basis/Single Fund Share Basis]
- (e) Fund Service Provider: [As per Conditions]/[specify]
- (f) Calculation Date(s): [As per Conditions]/[specify]
- (g) Initial Calculation Date: [As per Conditions]/[specify]
- (h) Final Calculation Date: [specify]
- (i) Hedging Date: [specify]
- (j) AUM Level: [As per Conditions]/[specify]
- (k) NAV Trigger Percentage: [As per Conditions]/[specify]
- (l) NAV Trigger Period: [specify]
- (m) Number of NAV Publication Days: [As per Conditions]/[specify]
- (n) Basket Trigger Level: [As per Conditions]/[specify]
- (o) Additional Extraordinary Fund Event(s): [specify]
- (p) Fee: [specify]/[Not applicable]
- (q) Termination Amount: [Principal Protected Termination Amount]/[Non-Principal Protected Termination Amount]/[As per Conditions]/[specify]
- (N.B. Principal Protected Termination Amount and Non-Principal Protection Termination Amount are applicable to Certificates only)*
- (r) Simple Interest Spread (in the case of Certificates only): [As per Conditions]/[specify]
- (s) Termination Date: [specify]
- (t) Delayed Redemption on Occurrence of an Extraordinary Fund Event (in the case of Certificates only): [Applicable/Not applicable]
- (u) Delayed Payment Cut-off Date: [As per Conditions]/[specify]
- (v) [Weighting: The Weighting to be applied to each Fund Share comprising the Fund Basket is [specify]]
- (w) Protected Amount (in the case of Certificates only): [specify] per Security

- (x) Other terms or special conditions: [Not applicable]/[specify]
- 30. Futures Securities:** [Applicable/Not applicable]
- (a) Future(s): [*insert type of Future(s)*]
- (b) Exchange(s): [*specify*]
- (c) Exchange Business Day: [Single Future Basis/All Futures Basis/Per Futures Basis]
- (d) Scheduled Trading Day: [Single Future Basis/All Futures Basis/Per Futures Basis]
- (Must match election made for Exchange Business Day)*
- (e) Weighting: [The weighting to be applied to each item comprising the Basket to ascertain the Settlement Price is [●]. Each such Weighting shall be subject to adjustment [in accordance with Annex 9]/[specify other]. (N.B. Only applicable in relation to Securities relating to a Basket)]
- (f) Settlement Price: The Settlement Price will be calculated [*insert calculation method if different from Annex 9*]. (N.B. If Settlement Price includes formula incorporating initial closing price, use term "Initial Price" for relevant definition.)
- (g) Disrupted Day: If the Valuation Date, an Observation Date or an Averaging Date (each as defined in Condition 1), as the case may be, is a Disrupted Day, the Settlement Price will be calculated [*insert calculation method*].
- (h) Specified Maximum Days of Disruption: [As defined in Condition 1]/[specify] Scheduled Trading Days.
- (If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*
- (i) Valuation Time: [Continuous monitoring [*specify other*] and the relevant time on the Valuation Date, Observation Date or Averaging Date, as the case may be, is the Scheduled Closing Time as defined in Condition 1.] [*specify*] (N.B. If no Valuation Time is specified, the Valuation Time will be the Scheduled Closing Time as defined in Condition 1)]
- (j) Futures Correction Period: [As per Conditions/specify]
- (k) Delayed Redemption on Occurrence [Applicable/Not applicable]

of a Futures Adjustment Event (in the case of Certificates only):

(l) Other terms or special conditions: [Not applicable]/[specify]

31. Credit Securities: [Applicable/Not applicable] [Credit Warrant/Credit Certificate]

[If Credit Warrant, Notional Amount per Credit Warrant = [currency] [amount]]

General Terms relating to type of Credit Securities

(a) Type of Security: [Single Reference Entity Credit Certificate]/[Single Reference Entity Credit Warrant]

[Nth-to-Default Credit Certificate]

[N: [●]]

[Multiple Default Triggers: [Applicable/Not applicable]]

[M: [●]]

Substitution: [Applicable/Not applicable]

[Basket Credit Certificate]

[Tranched Credit Certificates]

[Combination Credit Certificates: Applicable/Not applicable]

*(If Combination Credit Certificates is applicable)*

[Credit-linked Interest Type: [Single Reference Entity Credit Certificates] [Nth-to-Default Credit Security N:[●] [Multiple Default Triggers: [Applicable/Not applicable]] [M:[●]] [Substitution: [Applicable/Not applicable]] [Basket Credit Certificates] [Tranched Credit Certificates]

[Credit-linked Principal Type: [Single Reference Entity Credit Certificates] [Nth-to-Default Credit Security N:[●] [Multiple Default Triggers: [Applicable/Not applicable]] [M:[●]] [Substitution: [Applicable/Not applicable]] [Basket Credit Certificates] [Tranched Credit Certificates]

[Nth-to-Default Credit Warrant]

[N: [●]]

|   |   |
|---|---|
|   | [Multiple Default Triggers: [Applicable/Not applicable]]  |
|   | [M: [●]]  |
|   | Substitution: [Applicable/Not applicable]   |
|   | [Basket Credit Warrant]   |
| Principal Protection Level:   | [Applicable/Not applicable/[●][%]]  |
| (b) Calculation Agent responsible for making calculation and determinations pursuant to Annex 10 – Additional Terms and Conditions for Credit Securities: | [●]   |
| Terms relating to Credit-linkage  |   |
| [(Insert for Combination Credit Securities only): Terms relating to Credit Linked Principal:]   |   |
| (c) Transaction Type:   | [●] [As specified in the Relevant Annex]  |
| (d) Scheduled Redemption Date:  | [●]   |
| (e) Reference Entity(ies):  | [●] [As specified in the Relevant Annex]  |
| (f) Reference Entity Notional Amount:   | [●] [As specified in [the Credit Security Conditions] [the Relevant Annex]]                             |
| (g) Reference Entity Weighting:   | [●] [As specified in [the Credit Security Conditions][the Relevant Annex]] [Not applicable]             |
| (h) Reference Obligation(s):  |   |
| The obligation identified as follows:   | [Applicable/Not applicable] [●] [As specified in [the Credit Security Conditions] [the Relevant Annex]] |
| Primary Obligor:  | [●]   |
| Guarantor:  | [●]   |
| Maturity:   | [●]   |
| Coupon:   | [●]   |
| CUSIP/ISIN:   | [●]   |
| Original Issue Amount:  | [●]   |
| Standard Reference Obligation:  | [The obligation specified as the Reference Obligation   |



above shall be the Original Non-Standard Reference Obligation notwithstanding that such obligation is not an obligation of the Reference Entity, and notwithstanding any contrary provision of the definition of "Original Non-Standard Reference Obligation" (and, for the avoidance of doubt, paragraph (a) of the definition thereof applies).] *[Delete if not applicable or if Reference Obligation above is an obligation of the Reference Entity]*

[Applicable/Not applicable] [●] [As specified in [the Credit Security Conditions] [the Relevant Annex]]

(i) Seniority Level: [Senior Level] [Subordinated Level] [●] [Not applicable]

(j) CoCo Supplement: [Applicable/Not applicable]

*[Delete if CoCo Supplement is not applicable]*

[Trigger Percentage: [●]] [As specified in [the Credit Security Conditions][the Relevant Annex]]

(k) Settlement Method: [Auction Settlement] [Physical Settlement *(only applicable for Credit Certificates)*] [Cash Settlement] [Final Price: [●]][As per the Credit Security Conditions][Credit Security Condition 2(b) *(Redemption or Settlement following Event Determination Date)*: Not applicable]

[Credit Unwind Costs: [Not applicable] [Standard Credit Unwind Costs: Applicable] [●]] *[Delete if Credit Unwind Costs are applicable]*

(l) Fallback Settlement Method: [Physical Settlement *(only applicable for Credit Certificates)*] [Cash Settlement] [Not applicable]

(m) Settlement at Maturity: [Applicable/Not applicable]

(n) Settlement Currency: [●]

(o) Merger Event: Credit Security Condition 2(d) *(Redemption or Cancellation following a Merger Event)*: [Applicable/Not applicable]

*(If Applicable):*

[Merger Event Redemption Date: [●]]

(p) Credit Event Backstop Date: [As per the Credit Security Conditions] [The date that is 60 calendar days prior to the Trade Date] [Issue Date] [Other]

*(Include only for Tranche Credit Securities)*

- (q) Additional terms relating to Tranch Credit Securities: [Applicable/Not applicable]
- Relevant Annex: [●]
- Index Sponsor: [●]
- Attachment Point: [●]
- Exhaustion Point: [●]
- Any other terms or provisions: [●]

[(Insert for Combination Credit Securities only): Terms relating to Credit Linked Interest:]

- (c) Transaction Type: [●] [As specified in the Relevant Annex]
- (d) Scheduled Redemption Date: [●]
- (e) Reference Entity(ies): [●] [As specified in the Relevant Annex]
- (f) Reference Entity Notional Amount: [●]/[As specified in [the Credit Security Conditions][the Relevant Annex]]
- (g) Reference Entity Weighting: [●] [As specified in [the Credit Security Conditions][the Relevant Annex]] [Not applicable]
- (h) Reference Obligation(s):
- The obligation identified as follows: [Applicable/Not applicable] [●] [As specified in [the Credit Security Conditions][the Relevant Annex]]
- Primary Obligor: [●]
- Guarantor: [●]
- Maturity: [●]
- Coupon: [●]
- CUSIP/ISIN: [●]
- Original Issue Amount: [●]
- Standard Reference Obligation: [The obligation specified as the Reference Obligation above shall be the Original Non-Standard Reference Obligation notwithstanding that such obligation is not an obligation of the Reference Entity, and notwithstanding any contrary provision of the definition of "Original Non-Standard Reference Obligation" (and, for the avoidance of doubt, paragraph (a) of the definition thereof applies).] [Delete if not applicable or if Reference Obligation above is an obligation of the Reference Entity]

- [Applicable/Not applicable] [●] [As specified in [the Credit Security Conditions] [the Relevant Annex]]
- (h) Seniority Level: [Senior Level] [Subordinated Level] [●] [Not applicable]
- (i) CoCo Supplement: [Applicable/Not applicable]
- [Delete if CoCo Supplement is not applicable]
- [Trigger Percentage: [●]] [As specified in [the Credit Security Conditions][the Relevant Annex]]
- (j) Settlement Method: [Auction Settlement] [Physical Settlement (*only applicable for Credit Certificates*)] [Cash Settlement] [Final Price: [●]][Credit Security Condition 2(b) (*Redemption or Settlement following Event Determination Date*): Not applicable]]
- [Credit Unwind Costs: [Not applicable] [Standard Credit Unwind Costs: Applicable] [●]] [Delete if Credit Unwind Costs are applicable]
- (k) Fallback Settlement Method: [Physical Settlement (*only applicable for Credit Certificates*)] [Cash Settlement] [Not applicable]
- (l) Settlement Currency: [●]
- (m) Merger Event: [Credit Security Condition 2(d) (*Redemption or Cancellation following a Merger Event*): [Applicable/Not applicable]]
- (*If Applicable*):
- [Merger Event Redemption Date: [●]]
- (n) Credit Event Backstop Date: [As per the Credit Security Conditions] [The date that is 60 calendar days prior to the Trade Date] [Issue Date] [Other]

(*Include only for Tranching Credit Securities*)

- (o) Additional terms relating to Tranching Credit Securities: [Applicable/Not applicable]
- Relevant Annex: [●]
- Index Sponsor: [●]
- Attachment Point: [●]
- Exhaustion Point: [●]
- Any other terms or provisions: [●]

General Terms relating to Credit Securities

- (p) LPN Reference Entities: [Applicable/Not applicable] [●] [As specified in [the Credit Security Conditions] [the Relevant Annex]]
- (q) Accrual of Interest upon Credit Event: [As per Credit Security Condition 3(a)(i)(A)] [As per Credit Security Condition 3(a)(i)(B)] [As per Credit Security Condition 3(a)(ii)]
- [OR if Part B of Credit Security Conditions applies:
- [Part B of Credit Security Conditions: As per Part B Credit Security Condition [3(a)(i)] / [3(a)(ii)]]
- (r) Additional provisions: [●]
- [Change in Standard Terms and Market Conventions: [Not applicable]] [*Delete if Change in Standard Terms and Market Conventions applies*]
- [In respect of [*specify relevant Reference Entity*], [Include Accrued Interest] [Exclude Accrued Interest] applicable]
- (s) Additional Credit Security Disruption Events: [The following Additional Credit Security Disruption Events apply to the Securities:][Not applicable]
- (*Specify each of the following of which applies*)
- [Change in Law]
- [Hedging Disruption]
- [Increased Cost of Hedging]
- (t) Calculation and Settlement Suspension: [Applicable/Not applicable]
- (u) Part B of Credit Security Conditions: [Applicable/Not applicable]
- [If applicable:
- Cash Settlement Date / Credit Event Valuation Period End Date / Extended Valuation Period / Grace Period / Hedge Counterparty / Payment Requirement:
- [As per the Credit Security Conditions] [*Specify any variations or additions to the Credit Security Conditions*]
32. OET Certificates: [Applicable/Not applicable]
- (a) Final Price: [As per OET Certificate Conditions]/The Final Price

will be calculated *[insert calculation method if different from the OET Certificate Conditions]*

- (b) Valuation Date: [As per OET Certificate Conditions]/[specify]
- (c) Exercise Price: [specify]
- (d) Capitalised Exercise Price: [Capitalised Exercise Price applicable, in accordance with the OET Certificate Conditions]/[Unrounded Capitalised Exercise Price applicable, in accordance with the OET Certificate Conditions]/[specify]

*(As set out in sub-paragraph [(a)][(b)] of the definition of "Capitalised Exercise Price" provided in Condition 1 of Annex 11 - Additional Terms and Conditions for OET Certificates)*

OET Website(s):

[[www.bnpparibasmarkets.ch](http://www.bnpparibasmarkets.ch)] [or any other website specified in the applicable Final Terms] /[specify]

Local Business Day Centre(s): [specify]

- (e) Capitalised Exercise Price Rounding Rule: [upwards/downwards] [●] digits
- (f) Dividend Percentage: [specify]/[Not applicable]

*(N.B. Not applicable in respect of Commodity OET Certificates, Currency OET Certificates or Futures OET Certificates)*

- (g) Financing Rate: [specify rate] [+/-] [specify margin]
  - (i) Interbank Rate 1 Screen Page: [specify]
  - (ii) Interbank Rate 1 Specified Time: [specify][As per OET Certificate Conditions]
  - (iii) Interbank Rate 2 Screen Page: [specify]
  - (iv) Interbank Rate 2 Specified Time: [specify][As per OET Certificate Conditions]
  - (v) Financing Rate Percentage: [+/-][specify]
  - (vi) Financing Rate Range: [specify]
- (h) Automatic Early Redemption: [Applicable/Not applicable]

*(If not applicable, delete the remaining sub-*

*paragraphs of this paragraph)*

- (i) Automatic Early Redemption Amount: *[specify]/[As per Conditions]*
- (ii) Automatic Early Redemption Date: *[●] Business Days following the Valuation Date.*
- (iii) Observation Price: *[Official level]/[Opening price]/[Closing price]/[Purchase price]/[Sale price]/[Traded price]/[Bid price]/[Asked price]/[Last price]/[specify]*
- (iv) Observation Price Source: *[specify source]*
- (v) Observation Time(s): *[At any time during the opening hours of the Exchange]/[specify]*
- (vi) Security Threshold: *[As per OET Certificate Conditions]/[specify]*  
  
The Security Threshold in respect of a Relevant Business Day will be published as soon as practicable after its determination on the OET Website(s), as set out in § 32(d)
- (vii) Security Threshold Rounding Rule: *[upwards/downwards] [●] digits*
- (viii) Security Percentage: *[specify]*
- (ix) Minimum Security Percentage: *[specify]/[Not applicable]*
- (x) Maximum Security Percentage: *[specify]/[Not applicable]*
- (xi) Reset Date: *[As per OET Certificate Conditions]/[specify]]*
- (i) Commencement Date: *[As per OET Certificate Conditions]/[specify]*
- (j) Other provisions: *[specify]/[Not applicable]*
- 33. Additional Disruption Events: *[Applicable/Not applicable]/[Change in Law/Hedging Disruption] does not apply to the Securities]*
- 34. Optional Additional Disruption Events:
  - (a) The following Optional Additional Disruption Events apply to the Securities:  
  
*(Specify each of the following which applies. N.B. Optional Additional Disruption Events are applicable to certain Index Securities, Share Securities, ETI Securities and Commodity Securities. Careful consideration should be given to whether Optional Additional Disruption Events would*

*apply for Debt Securities, Currency Securities and Fund Securities and, if so, the relevant definitions will require amendment.)*

[Increased Cost of Hedging]

[Increased Cost of Stock Borrow]

[Insolvency Filing]

*(N.B. Only applicable in the case of Share Securities)*

[Cancellation Event]

*(N.B. Only applicable in the case of Debt Securities)*

[Loss of Stock Borrow]

[[Stop-Loss Event]

[Stop-Loss Event Percentage: [5] per cent.]]

[Currency Event]

[Force Majeure Event]

[Jurisdiction Event]

[Failure to Deliver due to Illiquidity]

- (b) [The Maximum Stock Loan Rate in respect of *[specify in relation to each relevant Share/Security]* is [●].

*(N.B. Only applicable if Loss of Stock Borrow is applicable)]*

[The Initial Stock Loan rate in respect of *[specify in relation to each relevant Share/Security]* is [●].

*(N.B. Only applicable if Increased Cost of Stock Borrow is applicable)]*

- (c) Delayed Redemption on Occurrence of an Additional Disruption Event and/or Optional Additional Disruption Event (in the case of Certificates): [Applicable/Not applicable]

35. Knock-in Event<sup>22</sup>:

[Applicable/Not applicable]

---

<sup>22</sup> Only applicable in relation to Index Securities, Share Securities, ETI Securities, Commodity Securities, Currency Securities, Debt Securities and Futures Securities.

*[If applicable:*

*[specify]/["greater than"/"greater than or equal to"/"less than"/"less than or equal to"/"within"]]*

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Level: *[Specify]/[As per Conditions]*
- (b) Knock-in Level/Knock-in Range Level: *[specify]/[[From and including/From but excluding][specify][to and including/to but excluding][specify]]*
- (c) Knock-in Period Beginning Date: *[specify]*
- (d) Knock-in Period Beginning Date Day Convention: *[Applicable/Not applicable]*
- (e) Knock-in Determination Period: *[specify]/[See definition in Condition 16]*
- (f) Knock-in Determination Day(s): *[specify]/[Each Scheduled Trading Day in the Knock-in Determination Period]/[Each Scheduled Custom Index Business Day in the Knock-in Determination Period]/[Each Commodity Business Day in the Knock-in Determination Period]*
- (g) Knock-in Period Ending Date: *[specify]*
- (h) Knock-in Period Ending Date Day Convention: *[Applicable/Not applicable]*
- (i) Knock-in Valuation Time: *[specify/See definition in Condition 16]/[Valuation Time]/[Any time on a Knock-in Determination Day]*
- (j) Knock-in Observation Price Source: *[specify]*
- (k) Disruption Consequences: *[Applicable/Not applicable]*

**36. Knock-out Event<sup>23</sup>:**

*[Applicable/Not applicable]*

*[If applicable:*

*[specify]/["greater than"/"greater than or equal to"/"less than"/"less than or equal to"]]*

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Level: *[Specify]/[As per Conditions]*

<sup>23</sup> Only applicable in relation to Index Securities, Share Securities, ETI Securities, Commodity Securities, Currency Securities, Debt Securities and Futures Securities.



- (b) Knock-out Level /Knock-out Range [specify]  
Level:
- (c) Knock-out Period Beginning Date: [specify]
- (d) Knock-out Period Beginning Date [Applicable/Not applicable]  
Day Convention:
- (e) Knock-out Determination Period: [specify]/[See definition in Condition 16]
- (f) Knock-out Determination Day(s): [specify]/[Each Scheduled Trading Day in the Knock-out Determination Period]/[Each Scheduled Custom Index Business Day in the Knock-out Determination Period]/[Each Commodity Business Day in the Knock-out Determination Period]
- (g) Knock-out Period Ending Date: [specify]
- (h) Knock-out Period Ending Date Day [Not applicable/Applicable]  
Convention:
- (i) Knock-out Valuation Time: [specify]/[See definition in Condition 16] [Any time on a Knock-out Determination Day]/[Valuation Time]
- (j) Knock-out Observation Price [specify]  
Source:
- (k) Disruption Consequences: [Applicable/Not applicable]

## PROVISIONS RELATING TO WARRANTS

37. Provisions relating to Warrants: [Applicable][Not applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (a) Units: Warrants must be exercised in Units. Each Unit consists of the number of Warrants set out in "Specific Provisions for each Series" above. *(N.B. This is in addition to any requirements relating to "Minimum Exercise Number" or "Maximum Exercise Number" as set out"" below).*
- (b) Minimum Exercise Number: The minimum number of Warrants that may be exercised (including automatic exercise) on any day by any Holder is [●] [and Warrants may only be exercised (including automatic exercise) in integral multiples of [●] Warrants in excess thereof].
- (c) Maximum Exercise Number: The maximum number of Warrants that must be exercised on any day by any Holder or group of Holders (whether or not acting in concert) is [●].

*(N.B. not applicable for European Style Warrants)*

- (d) Exercise Price(s): The exercise price(s) per [Warrant/Unit] (which may be subject to adjustment in accordance with Annex 2 in the case of Share Securities and Annex 1 in the case of Index Securities and Annex 6 in the case of Commodity Securities) is set out in "Specific Provisions for each Series" above. *(N.B. This should take into account any relevant Weighting and, in the case of an Index Security, must be expressed as a monetary value).*
- (e) Exercise Date: The exercise date of the Warrants is set out in "Specific Provisions for each Series" above, provided that, if such date is not an Exercise Business Day, the Exercise Date shall be the immediately succeeding Exercise Business Day. *(N.B. Only applicable in relation to European Style Warrants).*
- (f) Exercise Period: The exercise period in respect of the Warrants is set out in "Specific Provisions for each Series" above, [inclusive of the dates specified] [, or if either day specified is not an Exercise Business Day, the immediately succeeding Exercise Business Day]. *(N.B. Only applicable in relation to certain American Style Warrants).*
- (g) Valuation Date: [As defined in Condition 20]/[The Valuation Date shall be the Actual Exercise Date of the relevant Warrant, subject to adjustments in accordance with Condition 20]/[specify]. *(N.B. specify if different from the definition in Condition 20.)*
- [Currency Convention: [As per Conditions]/[Preceding Currency Convention]/[Modified Following Currency Convention]] *(N.B. Only applicable to Currency Securities)*
- (h) Strike Date: [specify] *(N.B. Only relevant for certain Index, Share and Currency Securities)*
- [Currency Convention: [As per Conditions]/[Preceding Currency Convention]/[Modified Following Currency Convention]] *(N.B. Only applicable to Currency Securities)*
- (i) Averaging: Averaging [applies/does not apply] to the Warrants. [The Averaging Dates are [specify].] *(Not applicable to Inflation Index Securities)*
- [Currency Convention: [As per Conditions]/[Preceding Currency Convention]/[Modified

Following Currency Convention]] (*N.B. Only applicable to Currency Securities*)

[In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] (as defined in Condition 20) will apply.] (*N.B. Not applicable to Index Securities relating to a Custom Index or Commodity Securities*)]

[In the event of Modified Postponement applying, the Averaging Date will be determined [*specify relevant provisions*] (*N.B. Only applicable in relation to Debt Securities, Currency Securities or Fund Securities*).]

[In the event that an Averaging Date is a Disrupted Day, the provisions of Annex 1 will apply] (*N.B. Only applicable in the case of Index Securities relating to a Custom Index*)

(j) Observation Dates:

[*specify*]/[Not applicable]

[Currency Convention: [As per Conditions]/[Preceding Currency Convention]/[Modified Following Currency Convention]] (*N.B. Only applicable to Currency Securities*)

[In the event that an Observation Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.] (*N.B. Not applicable to Index Securities relating to a Custom Index or Commodity Securities*)

[In the event of Modified Postponement applying, the Observation Date will be determined] [*specify relevant provisions*] (*N.B. Only applicable in relation to Debt Securities, Currency Securities or Fund Securities*).]

[In the event that an Observation Date is a Disrupted Day, the provisions of Annex 1 will apply] (*N.B. Only applicable in the case of Index Securities relating to a Custom Index*)

(k) Observation Period:

[*specify*]

(l) Cash Settlement Amount:

A Holder, upon due exercise, will receive from the Issuer on the Settlement Date, in respect of each Warrant, a Cash Settlement Amount calculated by the Calculation Agent (which shall not be less than zero) equal to:

[*insert formula*]

[insert definitions]

(N.B. Specify if provisions of Condition 5 not appropriate)

(m) Settlement Date:

[specify] (N.B. Applicable for Physical Delivery Warrants, Inflation Index Warrants and Commodity Warrants. Only applicable for Cash Settled Warrants (other than Inflation Index Warrants or Commodity Warrants) if Settlement Date is different from the definition in Condition 20)

["Settlement Business Day" for the purposes of Condition 5 means [specify].

(N.B. Only applicable in the case of Physical Delivery Warrants)]

## PROVISIONS RELATING TO CERTIFICATES

38. Provisions relating to Certificates:

[Applicable][Not applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(a) Notional Amount of each Certificate:

[[currency]][amount]/[Not applicable]].

(b) Partly Paid Certificates:

The Certificates [are/are not] Partly Paid Certificates.

[specify details of the amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Certificates and interest due on late payment]

(N.B. A new form of Global Certificate may be required for Partly Paid Certificates)

(c) Interest:

[Applicable/Not applicable]/[specify]

(d) Accrual to Redemption:

[Applicable/Not applicable]

[If Accrual to Redemption is Not applicable:

Accrual to Preceding IPED: [Applicable/Not applicable] [insert in the case of Credit Securities where Accrual to Redemption is Not applicable]]

(e) Fixed Rate Provisions:

[Applicable/Not applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Fixed Rate[(s)] of Interest ([including/excluding] on overdue amounts after Redemption Date or date set for early redemption): [specify] per cent. [per annum] [payable [annually/semi-annually/quarterly/monthly] in arrear].
- (ii) Interest Period End Date(s): [specify] in each year.
- (iii) Business Day Convention for Interest Period End Date(s): [Following/Modified Following/Preceding/None/Not applicable]
- (iv) Interest Payment Date(s): [specify] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted.]
- (v) Business Day Convention for Interest Payment Date(s): [Following/Modified Following/Preceding/None/Not applicable]  
*(If a Business Day Convention is specified for Interest Period End Date(s), unless Interest Payment Date(s) is (are) expressed to be a number of Business Days after the relevant Interest Period End Final Date, Interest Payment Date(s) must be subject to the same Business Day Convention)*
- (vi) Fixed Coupon Amount[(s)]: [specify] per Certificate
- (vii) Broken Amount[(s)]: [Applicable/Not applicable]
- (viii) Day Count Fraction: [specify] [30/360/Actual/Actual (-[ICMA]/-[ISDA])/Actual/365([Fixed/Sterling])/Actual/360/360/360/30E/360/ [other]]
- (ix) Determination Dates: [specify] in each year [insert regular interest payment dates, ignoring issue date or redemption date in the case of a long or short first or last coupon.] (N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))
- (x) Other terms relating to the method of calculating interest for Fixed Rate Certificates: [Not applicable/give details]
- (f) Floating Rate Provisions [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Interest Period(s): [specify]
- (ii) Interest Period End Date(s): [specify]
- (iii) Business Day Convention for Interest Period End Date(s): [Following/Modified Following/Preceding/FRN/None/Not applicable]
- (iv) Interest Payment Date(s): [specify]
- (v) Business Day Convention for Interest Payment Date(s): [Following/Modified Following/Preceding/FRN/None/Not applicable]  
*(If a Business Day Convention is specified for Interest Period End Date(s), unless Interest Payment Date(s) is (are) expressed to be a number of Business Days after the relevant Interest Period End Final Date, Interest Payment Date(s) must be subject to the same Business Day Convention)*
- (vi) Manner in which Rate of Interest and Interest Amount to be determined: [Screen Rate Determination/ISDA Determination/ FBF Determination]/other (give details)]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [specify]
- (viii) Screen Rate Determination: [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (A) Reference Rate: [specify]  
*(Either LIBOR, EURIBOR or other, although additional information is required if other – [including fallback provisions])*
- (B) Interest Determination Date(s): [specify]  
*(Second London business day prior to the start of each Interest Period if LIBOR and second TARGET2 day prior to the start of each Interest Period if EURIBOR)*
- (C) Specified Time: [specify] *(which will be 11:00 am, London time, in the case of LIBOR, or 11:00 am, Brussels time, in the case of EURIBOR)*

- (D) Relevant Screen [specify]  
Page:
- (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (ix) ISDA Determination: [Applicable/Not applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (A) Floating Rate Option: [specify]
- (B) Designated Maturity: [specify]
- (C) Reset Date: [specify]
- (x) FBF Determination [Applicable/Not applicable]
- [If applicable:*  
*[specify relevant terms]]*
- (xi) Margin(s): [+/-][specify] per cent. per annum
- (xii) Minimum Interest Rate: [specify] per cent. per annum
- (xiii) Maximum Interest Rate: [specify] per cent. per annum
- (xiv) Day Count Fraction: [specify]/[unadjusted]
- (xv) Fallback provisions, day count fraction, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Certificates if different from those set out in the Conditions: [specify]
- (g) Linked Interest Certificates [Applicable – see [Index / Share / ETI / Debt / Commodity / Inflation Index / Currency / Fund / Futures] Linked Interest Certificates below/Not applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Party responsible for [specify]

calculating Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):

- (ii) Provisions for determining coupon where calculation by reference to Formula is impossible or impracticable: [specify]
- (iii) Interest Period(s): [specify]
- (iv) Interest Period End Date(s): [specify]
- (v) Business Day Convention for Interest Period End Date(s): [Following/Modified Following/Preceding/FRN/None/ Not applicable]
- (vi) Interest Payment Date(s): [specify]
- (vii) Business Day Convention for Interest Payment Date(s): [Following/Modified Following/Preceding/FRN/None/ Not applicable]

*(If a Business Day Convention is specified for Interest Period End Date(s), unless Interest Payment Date(s) is (are) expressed to be a number of Business Days after the relevant Interest Period End Final Date, Interest Payment Date(s) must be subject to the same Business Day Convention)*

- (viii) Day Count Fraction: [specify]
- (h) Index Linked Interest Certificates: [Applicable/Not applicable]
- (i) Index/Basket of Indices/Index Sponsor(s): [specify name of Index/Indices]

[specify name of Index Sponsor(s)]

[The [●] Index is a [Component Security]/[Multi-Exchange] Index]<sup>24</sup>

[The [●] Index is a Custom Index]<sup>25</sup>

- (ii) Formula: [specify]
- (iii) Averaging: Averaging [applies/does not apply]. [The Averaging Dates are [●].]

<sup>24</sup> Specify each Component Security Index and/or Multi-Exchange Index (if any).  
<sup>25</sup> Specify each Custom Index (if any).



- [In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] [the provisions of Annex 1] will apply.]
- (iv) Interest Valuation Time: [specify]
- (v) Interest Valuation Date(s): [specify]
- (vi) Index Correction Period [As per Conditions/specify]
- (vii) Observation Dates: [specify]
- [In the event that an Observation Date is a Disrupted Day [Omission/Postponement/Modified Postponement] [the provisions of Annex 1] will apply.]
- (viii) Observation Period: [specify]
- (ix) Specified Maximum Days of Disruption: [[As defined in Condition 1]/[specify] [Scheduled Trading Days]]
- (If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption shall be equal to eight).*
- (x) Exchange(s): [specify]
- (xi) Related Exchange(s): [specify]/[All Exchanges]
- (xii) Exchange Business Day: [Single Index Basis/All Indices Basis/Per Index Basis]
- (xiii) Scheduled Trading Day: [Single Index Basis/All Indices Basis/Per Index Basis]
- (Must match election made for Exchange Business Day)*
- (xiv) Weighting: [The weighting to be applied to each item comprising the Basket of Indices to ascertain the Settlement Price is [●]. Each such Weighting shall be subject to adjustment in accordance with Annex 1 [specify other]. (N.B. Only applicable in relation to Securities relating to a Basket of Indices)/Not applicable]
- (xv) Settlement Price: The Settlement Price will be calculated [insert calculation method if different from Annex 1]
- (xvi) Other terms or special conditions: [Not applicable]/[specify]
- (xvii) Additional provisions applicable to Custom Indices: [Applicable/Not applicable]
- (If not applicable, delete the remaining sub-*

*paragraphs of this paragraph)*

- (A) Screen Page: [●]
- (B) Disrupted Day: If an Interest Valuation Date, Observation Date or Averaging Date is a Disrupted Day, the Settlement Price will be calculated [*insert calculation method*]
- (C) Strike Date: [●]
- (D) Strike Price: The Strike Price will be [calculated as per Conditions]/[●] [*insert calculation method*]
- (E) Custom Index Business Day: [(All Indices Basis)/(Per Index Basis)(Single Index Basis)]
- (F) Scheduled Custom Index Business Day: [(All Indices Basis)/(Per Index Basis)(Single Index Basis)]  
*(must match election made for Custom Index Business Day)*
- (G) Valuation Time: [As per the Conditions]/[●], being the time specified on the Valuation Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price.] *(N.B. if no time is specified, the Valuation Time will be as per the Conditions)*
- (H) Custom Index Correction Period: [As per Conditions]/[●]*specify*
- (I) Delayed Redemption on Occurrence of Custom Index Adjustment Event: [Applicable with a rate of [●] per cent. per annum/Not applicable]
- (J) Custom Index Disruption Event: [[Specified Maximum Days of Disruption will be equal to: [●]]/[As per Conditions]]  
*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to twenty).*
- (K) Other terms or special conditions: [Not applicable]/[specify]
- (i) Share Linked Interest Certificates: [Applicable/Not applicable]
  - (i) Share(s)/Share Company/Basket Company/GDR/ADR: [*insert type of Share(s) and Share Company/Basket Companies*]

|        |                                       |   |
|--------|---------------------------------------|---|
|        |                                       | [ISIN][Screen Page][Exchange Code]  |
|        |                                       | [insert GDR/ADR] <sup>26</sup>  |
| (ii)   | Relative Basket Performance:          | [Not applicable/specify]  |
| (iii)  | Formula:                              | [specify]   |
|        |                                       | <i>(N.B If Formula includes an initial closing price use term "Initial Price" for relevant definition)</i>  |
| (iv)   | Averaging:                            | Averaging [applies/does not apply]. [The Averaging Dates are [●].]  |
|        |                                       | [In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]  |
| (v)    | Interest Valuation Time:              | [specify]   |
| (vi)   | Interest Valuation Date(s):           | [specify]   |
| (vii)  | Observation Dates:                    | [specify]   |
|        |                                       | [In the event that an Observation Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]  |
| (viii) | Observation Period:                   | [specify]   |
| (ix)   | Specified Maximum Days of Disruption: | [[As defined in Condition 1]/[specify] [Scheduled Trading Days]]  |
|        |                                       | <i>(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight).</i>                                      |
| (x)    | Exchange(s):                          | [specify]   |
| (xi)   | Related Exchange(s):                  | [specify]/[All Exchanges]   |
| (xii)  | Exchange Business Day:                | [Single Share Basis/All Shares Basis/Per Share Basis]   |
| (xiii) | Scheduled Trading Day:                | [Single Share Basis/All Shares Basis/Per Share Basis]   |
|        |                                       | <i>(must match election made for Exchange Business Day)</i>   |
| (xiv)  | Weighting:                            | [The weighting to be applied to each item comprising the Basket of Shares to ascertain the Settlement Price is [specify]. Each such Weighting shall be subject to |

<sup>26</sup> In the case of Share Linked Interest Certificates relating to a GDR/ADR, complete Share Linked Interest Certificates Final Terms as applicable for GDR/ADR references asset(s).

|        |   |   |
|--------|---|---|
|        |   | adjustment [in accordance with Annex 2/[specify other]. (N.B. Only applicable in relation to Securities relating to a Basket of Shares)]  |
| (xv)   | Settlement Price:                             | The Settlement Price will be calculated [insert calculation method if different from Annex 2]. (N.B. If Settlement Price includes formula incorporating initial closing price, use term "Initial Price" for relevant definition.) |
| (xvi)  | Other terms or special conditions:            | [Not applicable/[specify]]  |
| (j)    | ETI Linked Interest Certificates:             | [Applicable/Not applicable]   |
| (i)    | ETI/ETI Basket:                               | [specify]   |
| (ii)   | ETI Interest(s):                              | [Insert type of ETI Interest(s)]  |
| (iii)  | Formula:                                      | [specify]   |
| (iv)   | Averaging:                                    | Averaging [applies/does not apply]. [The Averaging Dates are [●].]  |
| (v)    | Exchange(s):                                  | [specify]/[Not applicable]  |
| (vi)   | Related Exchange(s):                          | [specify]/[All Exchanges]/[Not applicable]  |
| (vii)  | Exchange Business Day:                        | [All ETI Interests Basis/Per ETI Interest Basis/Single ETI Interest Basis]  |
| (viii) | Scheduled Trading Day:                        | [All ETI Interests Basis/Per ETI Interest Basis/Single ETI Interest Basis]  |
| (ix)   | ETI Related Party:                            | [As per Conditions]/[specify]   |
| (x)    | Calculation Date(s):                          | [As per Conditions]/[specify]   |
| (xi)   | Initial Calculation Date:                     | [specify]/[Not applicable]  |
| (xii)  | Final Calculation Date:                       | [specify]/[Not applicable]  |
| (xiii) | Hedging Date:                                 | [specify]   |
| (xiv)  | Investment/AUM Level:                         | [As per Conditions][specify]  |
| (xv)   | Value per ETI Interest Trading Price Barrier: | [As per Conditions]/[specify]   |
| (xvi)  | Number of Value Publication Days:             | [[●] calendar days] [[●] Value Business Days]<br>[Value Business Day Centre(s): [specify]]  |
|        |   | (N.B. Only applicable if Number of Value Publication Days is calculated by reference to Value Business Days)  |

- (xvii) Value Trigger Percentage: [As per Conditions]/[specify]
- (xviii) Value Trigger Period: [As per Conditions]/[specify]
- (xix) Basket Trigger Level: [As per Conditions]/[specify]
- (xx) Settlement Price: The Settlement Price will be calculated *[insert calculation method if different from Annex 3]*  
[Official closing price]/[Value per ETI Interest]
- (xxi) Valuation Time: [specify]
- (xxii) Specified Maximum Days of Disruption: [As per Conditions]/[specify]  
*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*
- (xxiii) Interest Valuation Time: [specify]
- (xxiv) Interest Valuation Date: [specify]
- (xxv) Additional Extraordinary ETI Event(s): [specify]
- (xxvi) Maximum Stock Loan Rate: [The Maximum Stock Loan Rate in respect of *[specify in relation to each relevant ETI Interest]* is [●].]
- (xxvii) ETI Interest Correction Period: [specify]
- (xxviii) Termination Amount: [Principal Protected Termination Amount]/[Non-Principal Protected Termination Amount]/[As per Conditions]/[specify]
- (xxix) Simple Interest Spread: [As per Conditions]/[specify]
- (xxx) Termination Date: [specify]
- (xxxi) Weighting: The Weighting to be applied to each ETI Interest comprising the ETI Basket is [specify]
- (xxxii) ETI Documents: [As per Conditions]/[specify]
- (xxxiii) Protected Amount: [specify]
- (xxxiv) Delayed Redemption on Occurrence of an Extraordinary ETI Event: [Applicable/Not applicable]
- (xxxv) Other terms or special conditions: [Not applicable]/[specify]

- (k) Debt Linked Interest Certificates: [Applicable/Not applicable]
- (i) Debt Instruments: [specify] [Not applicable] (*Not applicable if Futures Price Valuation applicable*)
- (ii) Formula: [specify]
- (iii) Averaging: Averaging [applies/does not apply]. [The Averaging Dates are [●].]
- [In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]
- (iv) Interest Valuation Time: [specify]
- (v) Interest Valuation Date: [specify]
- (vi) Observation Dates: [specify]
- [In the event that an Observation Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]
- (vii) Observation Period: [specify]
- (viii) Specified Maximum Days of Disruption: [As defined in Condition 1/[specify] Scheduled Trading Days] [Not applicable] (*Not applicable if Futures Price Valuation applicable*)
- (*If no Specified Maximum Days of Disruption is stated, Specified Maximum Days of Disruption shall be equal to eight.*)
- (ix) Exchange Business Day Centre(s): [specify].
- (x) Nominal Amount: [The relevant nominal amount is [●] and the Relevant Screen Page is [●].][Not applicable]
- (*Not applicable if Futures Price Valuation applicable*)
- (xi) Delayed Redemption on Occurrence of Debt Instrument Redemption Event: [Applicable/Not applicable]
- [If applicable:
- Principal Protected Termination Amount:
- [Applicable/Not applicable]
- (*Not applicable if Futures Price Valuation applicable*)
- (xii) Debt Instrument Correction Period: [As per the Conditions]/[ ]/[Not applicable]
- (*Not applicable if Futures Price Valuation applicable*)
- (xiii) Debt Instrument Issuer: [ ]/[Not applicable]

*(Not applicable if Futures Price Valuation applicable)*

- (xiv) Weighting: [Not applicable/The weighting to be applied to each item comprising the Basket of Debt Instruments to ascertain the Settlement Price is [●]. Each such Weighting shall be subject to adjustment.]
- (xv) Additional provisions applicable to Futures Price Valuation: [Applicable]/[Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (A) Exchange-traded Contract: [Specify][If the Debt Securities are Rolling Futures Contract Securities: Debt Security Condition 7 applies]
- (B) Synthetic Debt Instrument: [include description of the key terms of the synthetic debt instrument]
- (C) Delivery or expiry month: [Specify]/[Not applicable]  
*(Not applicable in the case of Debt Securities that are Rolling Futures Contract Securities)*
- (D) Period of Exchange-traded Contracts: [Specify]/[Not applicable]  
*(Only applicable in the case of Debt Securities that are Rolling Futures Contract Securities)*
- (E) Futures or Options Exchange: [Specify]
- (F) Rolling Futures Contract Securities: [Yes/No]
- (G) Futures Rollover [Date/Period]: [Not applicable]/[Specify]
- (H) Delayed Redemption on Non-Commencement or Discontinuance of an Exchange-traded Contract [Applicable/Not applicable]  
*[If applicable:*  
Principal Protected Termination Amount:  
[Applicable/Not applicable]]
- (I) Daily Settlement Price Correction Period: [As per the Conditions][Specify]
- (xvi) Other terms or special [Not applicable]/[specify]

conditions:

- (l) Inflation Index Linked Interest Certificates: [Applicable/Not applicable]
- (i) Inflation Index/Sponsor: [specify name of inflation index/indices]  
[specify name of inflation index sponsor(s)]
- (ii) Formula: [specify]
- (iii) Related Bond: [Applicable/Not applicable] [if applicable, specify]
- (iv) Issuer of Related Bond: [Applicable/Not applicable]
- (v) Fallback Bond: [Applicable/Not applicable]
- (vi) Related Bond Redemption Event: [Applicable/Not applicable] [if applicable, specify]
- (vii) Substitute Inflation Index Level: [As determined in accordance with Annex 6] [specify]
- (viii) Cut-off Date: In respect of a [Valuation Date], the day that is [specify] Business Days prior to such [Valuation Date].
- (ix) Interest Valuation Date: [specify]
- (x) Valuation Time: [specify]
- (xi) Other terms or special conditions: [Not applicable]/[specify]
- (m) Commodity Linked Interest Certificates: [Applicable/Not applicable]
- (i) Commodity/Commodities/Commodity Index/Commodity Indices: [specify Commodity/Commodities/Commodity Index/Commodity Indices]  
[The Sponsor[s] of the Commodity Index/Indices is [●]]
- (ii) [Interest Pricing Date(s): [specify]
- (iii) Initial Interest Pricing Date: [specify]
- (iv) Final Interest Pricing Date: [specify]
- (v) Commodity Reference Price: [specify]

The Price Source is/are [●]<sup>27</sup>



- (vi) Delivery Date: [specify]/[Not applicable]
- (vii) Nearby Month: [specify]/[Not applicable]
- (viii) Specified Price: [specify]/[Not applicable]
- (ix) Exchange: [specify]/[Not applicable]
- (x) Disruption Fallback(s): [As per Conditions]/[specify]
- (xi) Interest Valuation Time: [specify]
- (xii) Specified Maximum Days of Disruption: [As defined in Condition 1]/[specify]<sup>28</sup>
- (xiii) Weighting: The Weighting to be applied to each item comprising the Commodity Basket is [specify]
- (n) Currency Linked Interest Certificates:
  - (i) The relevant base currency [specify] (the "**Base Currency**") is:
  - (ii) The relevant subject [specify] [currency/currencies] ([the]/[each a] "**Subject Currency**") [is/are]:
  - (iii) Formula: [specify]
  - (iv) Weighting: [specify]
  - (v) Price Source: [specify]
  - (vi) Specified Maximum Days of Disruption: [[specify]/[five] Scheduled Trading Days]  
*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*
  - (vii) Averaging Date(s): [specify]  
  
[Currency Convention: [As per Conditions]/[Preceding Currency Convention]/[Modified Following Currency Convention]]
  - (viii) Observation Date(s): [specify]  
  
[Currency Convention: [As per Conditions]/[Preceding Currency Convention]/[Modified Following Currency Convention]]

<sup>28</sup>

Only applicable in respect of Commodity Securities linked to a single Commodity.

- (ix) Strike Date: [specify]  
[Currency Convention: [As per Conditions]/  
[Preceding Currency Convention]/[Modified  
Following Currency Convention]]
- (x) Relevant Screen Page: [specify]
- (xi) Valuation Time: [specify]
- (xii) Interest Valuation Date: [specify]  
[Currency Convention: [As per Conditions]/  
[Preceding Currency Convention]/[Modified  
Following Currency Convention]]
- (xiii) Other terms or special conditions: [Not applicable]/[specify]
- (o) Fund Linked Interest Certificates: [Applicable/Not applicable]
- (i) Fund/Fund Basket: [specify]  
[The [●] Fund is a Mutual Fund]  
The [●] Fund is a Hedge Fund]  
[The [●] Fund is a Private Equity Fund]
- (ii) Fund Share(s): [specify]
- (iii) Formula: [specify]
- (iv) Fund Documents: [As per Conditions][specify]
- (v) Fund Business Day: [All Fund share Basis] [Per Fund share Basis][Single  
Fund share Basis]
- (vi) Fund Service Provider: [As per Conditions]/[specify]
- (vii) Interest Valuation Date: [specify]
- (viii) Calculation Date(s): [As per Conditions]/[specify]
- (ix) Initial Calculation Date: [As per Conditions]/[specify]
- (x) Final Calculation Date: [specify]
- (xi) Hedging Date: [specify]
- (xii) AUM Level: [As per Conditions]/[specify]

- (xiii) NAV Trigger Percentage: [As per Conditions]/[specify]
- (xiv) NAV Trigger Period: [specify]
- (xv) Number of NAV Publication Days: [As per Conditions]/[specify]
- (xvi) Basket Trigger Level: [As per Conditions]/[specify]
- (xvii) Fee: [specify][Not applicable]
- (xviii) Additional Extraordinary Fund Event(s): [specify]
- (xix) Termination Amount: [Principal Protected Termination Amount]/[Non-Principal Protected Termination Amount]/[As per Conditions]/[specify]
- (xx) Simple Interest Spread: [As per Conditions]/[specify]
- (xxi) Termination Date: [specify]
- (xxii) Weighting: The Weighting to be applied to each Fund Share comprising the Fund/Fund Basket is [specify]
- (xxiii) Delayed Redemption on Occurrence of an Extraordinary Fund Event: [Applicable/Not applicable]
- (xxiv) Delayed Payment Cut-off Date: [As per Conditions]/[specify]
- (xxv) Protected Amount: [specify] per Security
- (xxvi) Other terms or special conditions: [Not applicable]/[specify]
- (p) Futures Linked Interest Certificates: [Applicable/Not applicable]
  - (i) Futures: [insert type of Futures]
  - (ii) Formula: [specify] (N.B If Formula includes an initial closing price use term "Initial Price" for relevant definition)
  - (iii) Averaging: Averaging [applies/does not apply]. [The Averaging Dates are [●].]  
  
[In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.]
  - (iv) Interest Valuation Time: [specify]

- (v) Valuation Date: [specify]
- (vi) Observation Dates: [specify]
- [In the event that an Observation Date is a Disruption Day [Omission/Postponement/Modified Postponement] will apply.]
- (vii) Observation Period: [specify]
- (viii) Specified Maximum Days of Disruption: [As defined in Condition 1]/[specify] [Scheduled Trading Days]
- (If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption shall be equal to eight).*
- (ix) Exchange(s): [specify]
- (x) Exchange Business Day: [Single Future Basis/All Futures Basis/Per Futures Basis]
- (xi) Scheduled Trading Day: [Single Future Basis/All Futures Basis/Per Futures Basis]
- (N.B. Must match election made for Exchange Business Day)*
- (xii) Weighting: [The weighting to be applied to each item comprising the Basket to ascertain the Settlement Price is [specify]. Each such Weighting shall be subject to adjustment [in accordance with Annex 9/[specify other]. (N.B. Only applicable in relation to Securities relating to a Basket)]
- (xiii) Settlement Price: The Settlement Price will be calculated [insert calculation method if different from Annex 9]. (N.B. If Settlement Price includes formula incorporating initial closing price, use term "Initial Price" for relevant definition.)
- (xiv) Other terms or special conditions: [Not applicable]/[specify]]
- (q) Instalment Certificates: The Certificates [are/are not] Instalment Certificates.
- (i) Instalment Amount(s) [specify]
- (ii) Instalment Date(s): [specify]
- (r) Issuer Call Option: [Applicable/Not applicable]
- (N.B. If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- |       |   |  |
|-------|---|--|
| (i)   | Optional Redemption Date(s):  | [specify]  |
| (ii)  | Optional Redemption Valuation Date(s):  | [specify]  |
| (iii) | Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): | [specify]  |
| (iv)  | Notice Period (if different from those set out in the Conditions):                  | [specify]  |
| (s)   | Holder Put Option:  | [Applicable/Not applicable]  |
|       |   | <i>(N.B. If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>     |
| (i)   | Optional Redemption Date(s):  | [specify]  |
| (ii)  | Optional Redemption Valuation Date(s):  | [specify]  |
| (iii) | Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): | [specify]  |
| (iv)  | Notice Period (if different from those set out in the Conditions):                  | [specify]  |
| (t)   | Automatic Early Redemption <sup>29</sup> :  | [Applicable/Not applicable]  |
|       |   | [If applicable:  |
|       |   | [specify]/["greater than"/"greater than or equal to"/"less than"/"less than or equal to"]] |
|       |   | <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>          |
| (i)   | Automatic Early Redemption Amount:  | [specify/See definition in Condition 32.8]   |
| (ii)  | Automatic Early Redemption Date(s):   | [specify]  |

<sup>29</sup> Only applicable in relation to Index Securities, Share Securities, ETI Securities, Commodity Securities, Currency Securities and Futures Securities. In respect of OET Certificates, refer to item 32(h) above.

- (iii) Automatic Early Redemption Level: [specify]
- (iv) Automatic Early Redemption Rate: [specify]
- (v) Automatic Early Redemption Percentage: [specify]
- (vi) Automatic Early Redemption Valuation Date(s): [specify]
- (u) Cash Settlement Amount: *[Insert details of Cash Settlement Amount and how it is to be calculated for Cash Settled Certificates]/[As per OET Certificate Conditions]*  
  
*(N.B. Delete each remaining sub-paragraph of this paragraph that is not applicable)*
  - (i) Bonus Level: [specify]
  - (ii) Knock-in Window: [specify]
  - (iii) Lower Level: [specify]
  - (iv) Observation Level: [specify]
  - (v) Participation Coefficient: [specify]
  - (vi) Reference Threshold: [specify]
  - (vii) Reverse Level: [specify]
  - (viii) Security Barrier: [specify]
  - (ix) Strike Price: [specify]
  - (x) Upper Level: [specify]
  - (xi) Other: [specify]
- (v) Strike Date: [specify]/[Not applicable]  
  
*(N.B. Only relevant for certain Index and Share Securities)*
- (w) Redemption Valuation Date: [specify]/[As specified in Condition [●] in relation to Open End Certificates] / [Not applicable]
- (x) Averaging: Averaging [applies/does not apply] to the Securities. [The Averaging Dates are [specify].] *(Not applicable to Inflation Index Securities)*

[In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] (as defined in Condition 27) will apply.] (*N.B. Not applicable to Index Securities relating to a Custom Index or Commodity Securities*)

[In the event of Modified Postponement applying, the Averaging Date will be determined [specify relevant provisions] (*N.B. Only applicable in relation to Debt Securities, Currency Securities or Fund Securities*).]

[In the event that an Averaging Date is a Disrupted Day, the provisions of Annex 1 will apply] (*N.B. Only applicable to Index Securities relating to a Custom Index*)

(y) Observation Dates: [specify]/[Not applicable]

[In the event that an Observation Date is a Disrupted Day [Omission/Postponement/Modified Postponement] will apply.] (*N.B. Not applicable to Index Securities relating to a Custom Index or Commodity Securities*)

[In the event that an Observation Date is a Disrupted Day, the provisions of Annex 1 will apply] (*N.B. Only applicable to Index Securities relating to a Custom Index*)

[In the event of Modified Postponement applying, the Observation Date will be determined] [specify relevant provisions] (*N.B. Only applicable in relation to Debt Securities, Currency Securities or Fund Securities*).]

(z) Observation Period: [specify]/[Not applicable] (Not applicable to Inflation Index Securities)

(aa) Settlement Business Day: "**Settlement Business Day**" for the purposes of Condition 5 means [specify]. (*N.B. Only applicable in the case of Physical Delivery Securities*)

(bb) Cut-off Date: [specify]/[Not applicable] (*N.B. Only applicable in the case of Physical Delivery Securities and if provisions in Conditions not applicable*)

39. Identification information of Holders: [Applicable/Not applicable]

## DISTRIBUTION AND US SALES ELIGIBILITY (ALL SECURITIES)

40. Selling Restrictions:

(a) Eligibility for sale of Securities in the United States: The Securities are not eligible for sale in the United States.

|            |  |   |
|------------|--|---|
|            | (b) Other Selling Restrictions:                    | <i>[Insert any additional selling restrictions]</i>   |
| <b>41.</b> | Additional U.S. Federal income tax considerations: | <p>[Not Applicable] [The Securities are [not] Specified Securities for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986.] <i>(The Securities will not be Specified Securities if they (i) are issued prior to 1 January 2017 or (ii) do not reference any U.S. equity or any index that contains any component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities. If the Securities are issued on or after 1 January 2017 and reference a U.S. equity or an index that contains a component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities, further analysis would be required.)</i></p> |



## Responsibility

The Issuer accepts responsibility for the information contained in these Final Terms. To the best of the knowledge of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information. [The information included in [the Annex] (the "[●] **Information**") consists of extracts from or summaries of information that is publicly available in respect of [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced inaccurate or misleading.]<sup>30</sup>

Signed on behalf of [BNP Paribas Arbitrage Issuance B.V.]/[BNP Paribas]

As Issuer:

By:.....

Duly authorised

[The Guarantor accepts responsibility for the information contained in these Final Terms. To the best of the knowledge of the Guarantor (who has taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information. [The information included [in the Annex] (the "[●] **Information**") consists of extracts from or summaries of information that is publicly available in respect of [●]. The Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced inaccurate or misleading.]<sup>31</sup>

Signed on behalf of BNP Paribas

As Guarantor:

By:.....

Duly authorised]

---

<sup>30</sup> Include only if such information has been included.

<sup>31</sup> Include only if such information has been included.

## PART B – OTHER INFORMATION

### 1. Listing and Admission to trading – [De-listing]

[The Securities are unlisted.]/[Application has been made by the Issuer (or on its behalf) for the Securities to be admitted provisionally to trading on [SIX Structured Products Exchange Ltd.]/[SIX Swiss Exchange] with effect from [●]. Application for listing on SIX Swiss Exchange will be made by the Issuer (or on its behalf) for the Securities as soon as possible thereafter. The last day of trading is expected to be [●]<sup>32</sup>].

[The de-listing of the Securities on the exchange market specified above shall occur on [specify], subject to any change to such [date/period] by such exchange/ market] or any competent authorities, for which the Issuer [and the Guarantor] shall under no circumstances be liable].

*(Where documenting a fungible issue need to indicate if original Securities are already admitted to trading)*

### 2. Additional information Required for Securities to be listed on SIX Swiss Exchange

#### Listing/Trading information:

Trading Size and Ratio: [minimum and maximum trading size and the standard exercise ratio]

First Trading Day: [first trading day]

Last Trading Day and Time: [last trading day as well as the time of day at which trading shall cease]<sup>33</sup>

Capital Protection: [Capital protection [specify] /no capital protection]

Type of quoting: [the Securities are traded or quoted including accrued interest (dirty trading)] [accrued interest is shown separately (clean trading)]

#### Information relating to underlyings:

*[insert the information on the underlying instruments required by section 4 of scheme F of the SIX Swiss Exchange and the tax information in relation to a purchase of underlying instruments required by section 3.2.12 of scheme F of the SIX Swiss Exchange, to the extent such information is not already included elsewhere in the Final Terms.]*

#### Additional information:

Name and address of the representative for purposes of Article 43 of the Listing Rules of the SIX Swiss Exchange: BNP Paribas (Suisse) SA, [Selnaustrasse 16, CH-8022 Zurich,] Switzerland.

No Material Adverse Change. Save as disclosed in the Base Prospectus, there has been no material adverse change, nor any event involving a prospective material adverse change in the financial and trading position of the Issuer and the Guarantor since [insert date of the most recently published audited financial statements].

<sup>32</sup> Two SIX Swiss Exchange trading days prior to Termination Date.

<sup>33</sup> Two SIX Swiss Exchange trading days prior to Termination Date.

### 3. [Ratings]

Ratings: [The Securities to be issued [[have been]/[are expected to be]] rated [*insert details*] by [*insert credit rating agency name(s)*].]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider:*

[●]

(The above disclosure should reflect the rating allocated to Securities of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)]

[[*Insert credit rating agency*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority.]

[[*Insert credit rating agency*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).]

[[*Insert credit rating agency*] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended).]

[[*Insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). The ratings have been endorsed by [*insert the name of the relevant EU-registered credit rating agency*] in accordance with the CRA Regulation. [*Insert the name of the relevant EU-registered credit rating agency*] is established in the European Union and registered under the CRA Regulation.] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico/Brazil (*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU CRA entity that applied for registration*] may be used in the EU by the relevant market participants.]

[[*Insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"), but it [is/has applied to be] certified in accordance with the CRA Regulation [although notification of the corresponding certification decision has not yet been provided by the relevant competent authority European Securities and Markets Authority and [*insert the legal name of the relevant non-EU CRA entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

### 4. [Risk Factors]

*[Include any product specific risk factors which are not covered under "Risk Factors" in the Base Prospectus. If any such additional risk factors need to be included consideration should be given as to whether they constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus.]]*

### 5. [Interests of Natural and Legal Persons Involved in the [Issue/Offer]

*[Need to include a description of any interest, including conflicting interest, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement]:*

"Save as discussed[ in the "*Potential Conflicts of Interest*" paragraph in the "*Risk Factors*" in the Base Prospectus], so far as the Issuer is aware, no person involved in the offer of the Securities has an interest material to the offer."

**6. Performance of Underlying/Formula/Other Variable, Explanation of Effect on Value of Investment and Associated Risks and Other Information concerning the Underlying**

*[Need to include details of where past and future performance and volatility of the index/formula/other variables can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

*[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained]*

*[Where the underlying is a security need to include the name of the issuer of the security and the ISIN (International Security Identification Number) or other such security identification code]*

The Issuer [intends to provide post-issuance information *[specify what information will be reported and where it can be obtained]*] [does not intend to provide post-issuance information].

**7. Operational Information**

Relevant Clearing System(s): [SIX SIS Ltd., Olten, Switzerland]

*[N.B. Ensure all relevant entities have been appointed and formalities complied with in accordance with the rules and regulations of the relevant clearing system]*

Delivery Delivery *[against/free of]* payment

**[PART C – OTHER APPLICABLE TERMS]**

*[specify]*

## **ANNEX – ANNEX FOR CREDIT SECURITIES**

[●]

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the Terms and Conditions of the Notes which will include the additional terms and conditions contained in Annex 1 in the case of Index Securities, the additional terms and conditions contained in Annex 2 in the case of Share Securities, the additional terms and conditions contained in Annex 3 in the case of ETI Securities, the additional terms and conditions contained in Annex 4 in the case of Debt Securities, the additional terms and conditions contained in Annex 5 in the case of Commodity Securities, the additional terms and conditions contained in Annex 6 in the case of Inflation Index Securities, the additional terms and conditions contained in Annex 7 in the case of Currency Securities, the additional terms and conditions in Annex 8 in the case of Fund Securities, the additional terms and conditions contained in Annex 9 in the case of Futures Securities, the additional terms and conditions contained in Annex 10 in the case of Credit Securities or any other Annex which may be added from time to time in the case of any other security linked to any other Underlying Reference (each, an "Annex" and, together the "Annexes") (the "Terms and Conditions") which will be attached to or incorporated by reference into each Certificated Note or in the case of Uncertificated Notes (as defined below) will apply to such Notes.*

This Note is one of a Series of the Notes ("**Notes**", which expression shall mean (i) in relation to any Notes represented by a Note in permanent global form (a "**Permanent Global Note**"), units of the lowest Specified Denomination (as specified in the applicable Final Terms) in the Specified Currency of the relevant Notes, (ii) definitive Notes issued in exchange (or part exchange) for a Permanent Global Note and (iii) Uncertificated Notes (as defined below)) and, in each case, will be held as securities (the "**Intermediated Securities**") (*Bucheffekten*) in accordance with the Swiss Federal Intermediary Securities Act ("**FISA**") (*Bucheffektengesetz*) issued by BNP Paribas Arbitrage Issuance B.V. ("**BNPP B.V.**" or the "**Issuer**") subject to, and with the benefit of, a Note agency agreement (the "**Note Agency Agreement**", which expression includes the same as it may be updated, amended, supplemented or restated from time to time) dated on or around 30 September 2016 and made between BNPP B.V. as issuer, BNP Paribas ("**BNPP**") as guarantor (in such capacity, the "**Guarantor**") and, if specified in the applicable Final Terms, calculation agent, BNP Paribas Securities Services, Paris, Succursale de Zurich as principal agent and transfer agent (the "**Principal Paying Agent**" which expressions shall include any successor as principal paying agent) and BNP Paribas Arbitrage S.N.C. if specified in the applicable Final Terms as calculation agent (together with BNP Paribas, each a "**Calculation Agent**" which expression shall include any other calculation agent specified in the applicable Final Terms and together with the Principal Paying Agent, the "**Agents**").

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing) and "**Series**" means each original issue of Notes together with any further issues expressed to be consolidated and form a single series with the original issue and which have the same terms and conditions or terms and conditions which are the same in all respects save for the Issue Date, Issue Price, the amount and date of the first payment of interest thereon (if any) and/or the date from which interest (if any) starts to accrue and the expressions "**Notes of the relevant Series**" and "**Noteholders of the relevant Series**" and related expressions shall be construed accordingly.

The holders for the time being of the Notes ("**Noteholders**" or "**Holders**"), which expression shall, in relation to any Notes represented by a Global Note or any Uncertificated Note, be construed as provided in Condition 1, are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Note Agency Agreement and the applicable Final Terms, which are binding on them. Certain statements in these Terms and Conditions are summaries of, and are subject to, the detailed provisions of the Note Agency Agreement. Copies of the Note Agency Agreement (which contains the form of Final Terms) and the Final Terms for the Notes of this Series are available from the principal office of the Principal Paying Agent and the Paying Agents set out at the end of these Terms and Conditions.

The Noteholders are entitled to the benefit of a deed of covenant (the "**Deed of Covenant**" which expression includes the same as it may be amended, supplemented and/or restated from time to time) dated on or around 30 September 2016 and made by the Issuers. The original of the Deed of Covenant is held by BNP Paribas Securities Services, Succursale de Zurich.

The Notes shall be governed by either English law ("**English Law Notes**") or French law ("**French Law Notes**"), as specified in the applicable Final Terms.

Subject as provided in the relevant Guarantee (as defined below), the obligations of BNPP B.V. with respect to physical delivery (if applicable) and/or the payment of amounts payable by BNPP B.V. are guaranteed by BNPP pursuant to the deed of Guarantee in respect of English Law Notes dated on or around 30 September 2016 (the "**BNPP English Law Note Guarantee**") or, in the case of French Law Notes, guaranteed by BNPP pursuant to the deed of guarantee in respect of French Law Securities dated on or around 30 September 2016 (the "**BNPP French Law Guarantee**", and together with the BNPP English Law Note Guarantee, the "**Guarantees**").

Any reference herein to SIS shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuers and the Principal Paying Agent.

Words and expressions defined in the Note Agency Agreement or used in the applicable Final Terms (which term, as used herein, means, in relation to this Note, the Final Terms attached hereto or endorsed hereon or, as the case may be, applicable to such Notes shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

## **1. FORM, DENOMINATION, TITLE AND TRANSFER**

### **1.1 Form, Denomination and Title**

English Law Notes are issued as Certificated Notes and French Law Notes are issued as Uncertificated Notes. The Notes may be denominated in Swiss Francs or such other currencies as approved by SIS.

English Law Notes are represented by a permanent global note (the "**Permanent Global Note**" or "**Global Note**") and, in each case, will be held as intermediated securities (the "**Intermediated Securities**") (*Bucheffekten*) in accordance with the Swiss Federal Intermediated Securities Act ("**FISA**") (*Bucheffektengesetz*) (the "**Certificated Notes**").

The Intermediated Securities will be created (i) by the deposit by the Principal Paying Agent of the Permanent Global Note with SIS or any other intermediary in Switzerland recognised for such purposes by SIX Swiss Exchange (SIS or such other intermediary, the "**Intermediary**") on or prior to the issue date and (ii) by the Intermediary crediting the respective rights to securities accounts of the relevant participants with the Intermediary.

French Law Notes are issued in uncertificated and dematerialised form (*inscription en compte*) (the "**Uncertificated Notes**"). Neither a Permanent Global Note nor definitive notes or any other certificate representative of an Uncertificated Note will be issued in respect of Uncertificated Notes and these Terms shall be construed accordingly. Uncertificated Notes will be created by the Issuer by means of a registration in its register of uncertificated securities. Such Uncertificated Notes will then be entered into the main register (*Hauptregister*) of the Intermediary on or prior to their issue date. Once (i) the Uncertificated Notes are registered in the main register (*Hauptregister*) of the Intermediary and (ii) the Intermediary has credited the respective rights to securities accounts of the relevant participants with the Intermediary, such Uncertificated Notes will constitute Intermediated Securities.

The records of the Intermediary will determine the number of Notes held through each participant maintaining a securities account with the Intermediary. In respect of Notes held in the form of Intermediated Securities, the holder of a particular number of Notes (a "**Holder**") will be the person holding such number of Securities in a securities account in their own name and for their own account with the Intermediary or any other securities intermediary maintaining securities accounts (the Intermediary or such other securities intermediary the "**Relevant Intermediary**") and such person shall be treated by



the Issuer, the Guarantor, if any, and the Principal Paying Agent as the holder of such number of Notes for all purposes. The expressions "**Holder**" and "**Noteholder**" and related expressions shall be construed accordingly.

Notwithstanding the above and anything contrary herein, the Issuer shall make all payments and/or delivery of Entitlement(s) due to the Holders under the Notes to the Principal Paying Agent and, upon receipt by the Principal Paying Agent of the due and punctual payment of such funds and/or delivery of Entitlement(s) in Switzerland, shall be discharged from its obligations to Holders under such Notes to the extent that such funds and/or Entitlement have been received by the Principal Paying Agent as of such date.

Each Holder of Certificated Notes shall have a quotal co-ownership interest (*Miteigentumsanteil*) in the Permanent Global Note representing such Certificated Notes to the extent of his claim against the Issuer, provided that, for so long as the Permanent Global Note remains deposited with the Intermediary, the co-ownership interest shall be suspended.

In respect of Uncertificated Notes, neither the Issuer nor the Holders shall at any time have the right to effect or demand the conversion of the Uncertificated Notes into, or the delivery of, a Permanent Global Note or definitive notes.

Subject as provided below, in the case of either Certificated Notes or Uncertificated Notes, no printing of notes in definitive form will occur. Subject to any applicable laws, neither the Issuer nor the Holders of a Permanent Global Note shall at any time have the right to effect or demand the conversion of the Permanent Global Note into, or the delivery of, uncertificated securities or Certificated Notes in definitive form.

If (i) the Principal Paying Agent deems the printing of securities in definitive form and, if applicable, coupons for the payment of interest or premium amount, ("**Coupons**") to be necessary or useful, or (ii) the presentation of securities in definitive form or, if applicable Coupons, is required by Swiss or foreign laws in connection with the enforcement of rights (including in cases of bankruptcy, consolidation or reorganisation of the Issuer) (each such circumstance, in respect of Certificated Notes, the Issuer shall determine the form of such definitive notes and, if applicable Coupons, as well as any necessary technical changes required to these Terms and Conditions in consultation with the Principal Paying Agent.

The Permanent Global Notes do not have Coupons attached on issue.

Certificated Notes denominated in Swiss Francs benefit from a limited exception to the certification in bearer form requirement of the TEFRA D Rules, if such Certificated Notes fulfil the relevant requirements set out below.

The following criteria must be fulfilled in order for the limited exception to the certification requirement of the TEFRA D Rules to apply:

- (a) the interest on, and the principal of, the Notes are denominated only in Swiss Francs;
- (b) the interest on, and the principal of, the Notes are payable only in Switzerland;
- (c) the Notes are offered and sold in accordance with Swiss customary practice and documentation;
- (d) the relevant dealers agree to use reasonable efforts to sell the Notes within Switzerland;
- (e) the Notes are not listed, or subject to an application for listing, on an exchange located outside Switzerland;
- (f) the issuance of the Notes is subject to guidelines or restrictions imposed by Swiss governmental, banking or securities authorities; and
- (g) more than 80 per cent. by value of the Notes included in the offering of which they are part are offered and sold to non-dealers by dealers maintaining an office located in Switzerland.

This Note is, to the extent specified in the applicable Final Terms, a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a Dual Currency Interest Note and/or a Note with interest linked to one or more, or a combination of, underlying

reference asset(s) or basis(bases) (each an "**Underlying Reference(s)**") specified in the applicable Final Terms ("**Linked Interest Notes**") such as an Index Linked Interest Note, a Share Linked Interest Note, an Inflation Linked Interest Note, a Commodity Linked Interest Note, a Fund Linked Interest Note, an ETI Linked Interest Note, a Currency Linked Interest Note, a Debt Linked Interest Note or (in the case of a combination of underlying reference assets or bases) a Hybrid Linked Interest Note or, subject to all applicable laws and regulations, any other type of Note depending on the Interest Basis specified in the applicable Final Terms. This Note may be an Index Linked Redemption Note (together with Index Linked Interest Notes, "**Index Securities**"), a Share Linked Redemption Note (together with Share Linked Interest Notes, "**Share Securities**"), an Inflation Linked Redemption Note (together with Inflation Linked Interest Notes, "**Inflation Index Securities**"), a Commodity Linked Redemption Note (together with Commodity Linked Interest Notes, "**Commodity Securities**"), a Fund Linked Redemption Note (together with Fund Linked Interest Notes, "**Fund Securities**"), a Credit Linked Redemption Note (a "**Credit Security**"), an ETI Linked Redemption Note (together with ETI Linked Interest Notes, "**ETI Securities**"), a Currency Linked Redemption Note (together with Currency Linked Interest Notes, "**Currency Securities**"), a Debt Linked Redemption Note (together with a Debt Linked Interest Note, "**Debt Securities**"), a Note with redemption linked to any combination of underlying reference assets or bases (a "**Hybrid Linked Redemption Note**" and together with a **Hybrid Linked Interest Note**, "**Hybrid Securities**"), an Instalment Note, a Partly Paid Note, a Dual Currency Redemption Note) or any combination thereof or, subject to all applicable laws and regulations, any other type of Note depending on the Redemption/Payment Basis specified in the applicable Final Terms.

If the Notes are Hybrid Securities and Hybrid Securities is specified as applicable in the applicable Final Terms, the terms and conditions of the Notes will be construed on the basis that in respect of each separate type of Underlying Reference, the relevant terms applicable to each such separate type of Underlying Reference will apply, as the context admits, separately and independently in respect of the relevant type of Underlying Reference, except as specified in the applicable Final Terms.

The Notes will be settled by way of cash payment ("**Cash Settled Notes**" or "**Cash Settled Securities**") or, if Physical Settlement is specified as applicable in the applicable Final Terms, will be settled by physical delivery ("**Physical Delivery Notes**" or "**Physically Settled Securities**").

1.2 In relation to French Law Notes, unless expressly excluded in the applicable Final Terms and to the extent permitted by applicable French law, the Issuer may at any time request from the central depositary identification information of Noteholders of French Law Notes in bearer dematerialised form (*au porteur*) such as the name or the company name, nationality, date of birth or year of incorporation and mail address or, as the case may be, email address of such Noteholders.

1.3 Transfers of Certificated and Uncertificated Notes

So long as the Certificated Notes remain deposited or Uncertificated Notes remain registered with the Intermediary, all transactions (including permitted transfers of Certificated Notes) in the open market or otherwise must be effected subject to and in accordance with the provisions of the FISA and the applicable rules and regulations of the Intermediary. So long as the Certificated Notes remain deposited or Uncertificated Notes remain registered with the Intermediary, the Notes may only be transferred or otherwise disposed of in accordance with the provisions of FISA, i.e. by the entry of the transferred Notes in a securities account of the transferee.

1.4 Definitions

In this Condition, the following expressions shall have the following meanings:

"**Certificated Notes**" is as defined in Condition 1.1;

"**Coupons**" is as defined in Condition 1.1;

"**FISA**" is as defined in paragraph 2 of these Terms and Conditions and Condition 1.1;

"**Global Note**" is as defined in Condition 1.1;

"**Holder**" is as defined in Condition 1.1;

"**Intermediated Securities**" is as defined in paragraph 2 of these Terms and Conditions and Condition 1.1;

"**Intermediary**" is as defined in Condition 1.1;

"**Noteholder**" is as defined in Condition 1.1;

"**Permanent Global Note**" is as defined in paragraph 2 of these Terms and Conditions and Condition 1.1;

"**Relevant Intermediary**" is as defined in Condition 1.1; and

"**Uncertificated Notes**" is as defined in Condition 1.1.

## **2. STATUS OF THE NOTES AND THE GUARANTEE**

### **2.1 Status**

The Notes are direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and at least *pari passu* with all other direct, unconditional, unsecured and unsubordinated indebtedness of the Issuer (save for statutorily preferred exceptions).

### **2.2 Status and terms of the Guarantees**

#### **(a) Guarantees**

Where the Issuer is BNPP B.V., the Guarantee is an unsubordinated and unsecured obligation of BNPP and will rank *pari passu* with all its other unsubordinated and unsecured obligations subject to such exceptions as may from time to time be mandatory under French law.

#### **(b) Terms of Guarantees**

Subject as provided below and in the relevant Guarantee, the Guarantor has unconditionally and irrevocably (a) guaranteed to each Noteholder all obligations of the Issuer in respect of such Notes as and when such obligations become due, and (b) agreed that if and each time that the Issuer fails to satisfy any obligations under such Notes as and when such obligations become due, the Guarantor will after a demand has been made on the Guarantor (without requiring the relevant Noteholder first to take steps against the Issuer or any other person) make or cause to be made such payment or satisfy or cause to be satisfied such obligations as though the Guarantor were the principal obligor in respect of such obligations, provided that in the case of Notes (other than Credit Securities) where the obligations of the Issuer which fall to be satisfied by the Guarantor constitute the delivery of the Entitlement to the holders of such Notes if such delivery is not practicable by reason of (x) a Settlement Disruption Event (as defined in Condition 4(b)(i)(C)) or (y) if "Failure to Deliver due to Illiquidity" is specified as applying in the applicable Final Terms, a Failure to Deliver due to Illiquidity (as defined in Condition 4(b)(i)(D)), in lieu of such delivery the Guarantor will make payment in respect of each such Note of, in the case of (x) above, the Disruption Cash Redemption Amount (as defined in Condition 4(b)(i)(C)) or in the case of (y) above, the Failure to Deliver Redemption Amount (as defined in Condition 4(b)(i)(D)). Any payment of the Disruption Cash Redemption Amount or the Failure to Deliver Redemption Amount, as the case may be, in respect of a Note shall constitute a complete discharge of the Guarantor's obligations in respect of the delivery of the Relevant Assets affected by the Settlement Disruption Event or Failure to Deliver due to Illiquidity, as the case may be.

## **3. INTEREST**

### **3.1 Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will accrue in respect of each Interest Period (which expressions shall in these Terms and Conditions mean the period from (and including) an Interest Period End Date (or if none the Interest Commencement Date) to (but excluding) the next (or first) Interest Period End Date (each such latter date the "**Interest Period End Final Date**" for the relevant Interest Period)). Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. If an Interest Payment Date falls after the Interest Period End Final Date in respect of the relevant Interest Period, no additional interest or other amount shall be payable as a result of such interest being payable on such later date. If a Business Day Convention is specified in the applicable Final Terms as applying to an Interest Period End Date or an Interest Payment Date and (x) if there is no numerically corresponding day in the calendar month in which an Interest Period End Date or Interest Payment Date, as the case may be, should occur or (y) if any Interest Period End Date or Interest Payment Date, as the case may be, would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (a) the Following Business Day Convention, such Interest Period End Date or Interest Payment Date, as the case may be, shall be postponed to the next day which is a Business Day; or
- (b) the Modified Following Business Day Convention, such Interest Period End Date or Interest Payment Date, as the case may be, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Period End Date or Interest Payment Date, as the case may be shall be brought forward to the immediately preceding Business Day; or
- (c) the Preceding Business Day Convention, such Interest Period End Date or Interest Payment Date, as the case may be, shall be brought forward to the immediately preceding Business Day.

If no Business Day Convention is specified as applicable to an Interest Period End Date in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) the Interest Period End Final Date in respect of such Interest Period, will amount to the Fixed Coupon Amount.

Interest shall be calculated by applying the Rate of Interest to: (A) in the case of Fixed Rate Notes which are Certificated Notes represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or (B) in the case of Fixed Rate Notes which are Uncertificated Notes, the aggregate outstanding nominal amount of such Uncertificated Notes, multiplying such sum by the applicable Day Count Fraction, rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention, and, in the case of Dual Currency Interest Notes, converting the resulting figure into the Settlement Currency as provided in Condition 3.13 below.

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

### 3.2 Interest on Floating Rate Notes

#### (a) Interest Period End Dates and Interest Payment Dates

Each Floating Rate Note bears interest on its nominal amount (or, if it is a Partly Paid Note, in accordance with Condition 3.10) or pays interest in respect of each Interest Period (which expression shall in these Terms and Conditions mean the period from (and including) an Interest Period End Date (or if none the Interest Commencement Date to (but excluding) the next (or first) Interest Period End Date (each such latter date the "**Interest Period End Final Date**" for the relevant Interest Period)). For the purposes of this Condition 3.2 "**Interest Period End Date**" shall mean either:

- (i) the specified Interest Period End Date(s) in each year specified in the applicable Final Terms; or

- (ii) if no Interest Period End Date(s) is/are specified in the applicable Final Terms, each date which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Period End Date or, in the case of the first Interest Period End Date, after the Interest Commencement Date.

Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. If an Interest Payment Date falls after an Interest Period End Final Date in respect of the relevant Interest Period, no additional interest or other amount shall be payable as a result of such interest being payable on such later date.

If a Business Day Convention is specified in the applicable Final Terms as applying to an Interest Period End Date or an Interest Payment Date and (x) if there is no numerically corresponding day in the calendar month in which an Interest Period End Date or Interest Payment Date, as the case may be, should occur or (y) if any Interest Period End Date or Interest Payment Date, as the case may be, would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) In any case where Specified Periods are specified in accordance with Condition 3.2(a)(ii) above, the Floating Rate Convention, such Interest Period End Date or Interest Payment Date, as the case may be, (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (aa) such Interest Period End Date or Interest Payment Date, as the case may be, shall be brought forward to the immediately preceding Business Day and (bb) each subsequent Interest Period End Date or Interest Payment Date, as the case may be, shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Period End Date or Interest Payment Date, as the case may be, occurred; or
- (B) The Following Business Day Convention, such Interest Period End Date or Interest Payment Date, as the case may be, shall be postponed to the next day which is a Business Day; or
- (C) The Modified Following Business Day Convention, such Interest Period End Date or Interest Payment Date, as the case may be, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Period End Date or Interest Payment Date, as the case may be, shall be brought forward to the immediately preceding Business Day; or
- (D) The Preceding Business Day Convention, such Interest Period End Date or Interest Payment Date, as the case may be, shall be brought forward to the immediately preceding Business Day.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(c) Determination of Rate of Interest and Calculation of Interest Amount

The Calculation Agent will, on or as soon as practicable after each date on which the Rate of Interest is to be determined (the "**Interest Determination Date**"), determine the Rate of Interest (subject to any Minimum Interest Rate or Maximum Interest Rate specified in the applicable Final Terms) for the relevant Interest Period. The Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Calculation Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes which are Certificated Notes represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Certificated Notes (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (ii) in the case of Floating Rate Notes which are Uncertificated Notes, the aggregate outstanding nominal amount of such Uncertificated Notes,

in each case, multiplying such sum by the Day Count Fraction specified in the applicable Final Terms and rounding the resultant figure to the nearest sub-unit (as defined above) of the relevant Specified Currency, one half of such a sub-unit being rounded upwards or otherwise in accordance with applicable market convention and, in the case of Dual Currency Interest Notes, converting the resulting figure into the Settlement Currency as provided in Condition 3.13 below.

(d) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms), the FBF Rate (if specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Designated Maturity**" means (i) in relation to Screen Rate Determination, the period of time designated in the Reference Rate or (ii) in relation to FBF Determination, the period of time specified in the relevant FBF Rate.

### 3.3 Interest on Linked Interest Notes

(a) Interest Period End Dates and Interest Payment Dates

Each Linked Interest Note bears interest on its nominal amount (or, if it is a Partly Paid Note, in accordance with Condition 3.10) or pays interest in respect of each Interest Period (which expression shall in these Terms and Conditions mean the period from (and including) an Interest Period End Date (or if none the Interest Commencement Date) to (but excluding) the next (or first) Interest Period End Date (each such latter date the "**Interest Period End Final Date**" for the relevant Interest Period)). For the purposes of this Condition 3.3 "**Interest Period End Date**" shall mean either:

- (i) the specified Interest Period End Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Interest Period End Date(s) is/are specified in the applicable Final Terms, each date which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Period End Date or, in the case of the first Interest Period End Date, after the Interest Commencement Date.

Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. If an Interest Payment Date falls after an Interest Period End Final Date in respect of the relevant Interest Period, no additional interest or other amount shall be payable as a result of such interest being payable on such later date.

If a Business Day Convention is specified in the applicable Final Terms as applying to an Interest Period End Date or an Interest Payment Date and (x) if there is no numerically corresponding day in the calendar month in which an Interest

Period End Date or Interest Payment Date, as the case may be, should occur or (y) if any Interest Period End Date or Interest Payment Date, as the case may be, would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) In any case where Specified Periods are specified in accordance with Condition 3.3(a)(ii) above, the Floating Rate Convention, such Interest Period End Date or Interest Payment Date, as the case may be, (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (aa) such Interest Period End Date or Interest Payment Date, as the case may be, shall be brought forward to the immediately preceding Business Day and (bb) each subsequent Interest Period End Date or Interest Payment Date, as the case may be, shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Period End Date or Interest Payment Date, as the case may be, occurred; or
- (B) The Following Business Day Convention, such Interest Period End Date or Interest Payment Date, as the case may be, shall be postponed to the next day which is a Business Day; or
- (C) The Modified Following Business Day Convention, such Interest Period End Date or Interest Payment Date, as the case may be, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Period End Date or Interest Payment Date, as the case may be, shall be brought forward to the immediately preceding Business Day; or
- (D) The Preceding Business Day Convention, such Interest Period End Date or Interest Payment Date, as the case may be, shall be brought forward to the immediately preceding Business Day.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Linked Interest Notes will be the Coupon Rate determined in the manner specified in the applicable Final Terms which Coupon Rate may comprise one or more Additional Coupons determined in the manner specified in the applicable Final Terms.

(c) Determination of Rate of Interest and Calculation of Interest Amount

The Calculation Agent will, on or as soon as practicable after each date on which the Rate of Interest is to be determined (the "**Interest Determination Date**"), determine the Rate of Interest (subject to any Minimum Interest Rate or Maximum Interest Rate specified in the applicable Final Terms) for the relevant Interest Period. The Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Calculation Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Linked Interest Notes which are Certificated Notes represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (ii) in the case of Linked Interest Notes which are represented by Uncertificated Notes, the aggregate outstanding nominal amount of such Uncertificated Notes,

in each case, multiplying such sum by the Day Count Fraction (if any) specified in the applicable Final Terms and rounding the resultant figure to the nearest sub-unit (as defined above) of the relevant Specified Currency, one half of such

sub-unit being rounded upwards or otherwise in accordance with applicable market convention and, in the case of Dual Currency Interest Notes, converting the resulting figure into the Settlement Currency as provided in Condition 3.13 below.

### 3.4 ISDA, FBF and Screen Rate Determination

#### (a) ISDA Determination

Where ISDA Determination is specified in the applicable Final Terms as the manner in which a Rate of Interest or Rate, as applicable, is to be determined, such Rate of Interest or Rate, as the case may be, for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (a), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

- (i) the Floating Rate Option is as specified in the applicable Final Terms;
- (ii) the Designated Maturity is a period specified in the applicable Final Terms; and
- (iii) the relevant Reset Date is either (x) if the applicable Floating Rate Option is based on the London interbank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**") for a currency, the first day of that Interest Period or (y) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (a), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

#### (b) FBF Determination

Where so specified in the applicable Final Terms, interest will be payable on such dates, at such a rate (the "**FBF Rate**") and in such amounts, plus or minus (as indicated in the applicable Final Terms) the Margin (if any), as would have been payable (regardless of any event of default or termination event thereunder) by the Issuer if it had entered into an interest rate swap transaction governed by an agreement in the form of the Master Agreement relating to transactions on forward financial instruments (an "**FBF Agreement**"), as in effect on the date of issue of the Notes, published by the *Fédération Bancaire Française* and evidenced by a Confirmation (as defined in the FBF Agreement) with the holder of the relevant Note under which:

- (i) the Issuer was the Floating Amount Payer;
- (ii) the Calculation Agent (as defined herein) was the Agent (as defined in the FBF Agreement) or as otherwise specified in the applicable Final Terms;
- (iii) the Interest Commencement Date was the Transaction Date;
- (iv) the lowest Specified Denomination was the Notional Amount;
- (v) the Interest Payment Dates were the Floating Amount Payment Dates; and
- (vi) all other terms were as specified in the applicable Final Terms.

When the preceding sentence applies, in respect of each relevant Interest Payment Date:

- (A) the amount of interest determined for such Interest Payment Date will be the Interest Amount for the relevant Interest Period for the purposes of these Terms and Conditions as though determined under sub-conditions 3.2(c) or 3.3(c) above, as applicable;



- (B) the Rate of Interest for such Interest Period will be the Floating Rate (as defined in the FBF Agreement) determined by the Calculation Agent in accordance with the preceding sentence; and
- (C) the Calculation Agent or Calculation Agent, as applicable, will be deemed to have discharged its obligations under sub-conditions 3.2(c) or 3.3(c) above, as applicable, if it has determined the Rate of Interest and the Interest Amount payable on such Interest Payment Date in the manner provided in the preceding sentence.
- (c) Screen Rate Determination

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which a Rate of Interest or Rate is to be determined, such Rate of Interest or Rate, as the case may be, for each Interest Period will, subject as provided below, be either:

- (i) the offered quotation; or
- (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate(s) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at the Specified Time indicated in the applicable Final Terms (which will be 11.00 a.m., London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Note Agency Agreement contains provisions for determining the Rate of Interest or Rate in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the Specified Time indicated above or in the applicable Final Terms.

If the Reference Rate from time to time is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest or Rate in respect of such Notes will be determined as provided in the applicable Final Terms.

### 3.5 Minimum and/or Maximum Interest Rate

If the applicable Final Terms specifies a Minimum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 3.2(b), 3.2(d), 3.3(b) or 3.4 (as appropriate) is less than such Minimum Interest Rate, the Rate of Interest for such Interest Period shall be such Minimum Interest Rate.

If the applicable Final Terms specifies a Maximum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 3.2(b), 3.2(d), 3.3(b) or 3.4 (as appropriate) is greater than such Maximum Interest Rate, the Rate of Interest for such Interest Period shall be such Maximum Interest Rate.

### 3.6 Notification of Rate of Interest and Interest Amount

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Guarantor (such notifications to occur no later than the Business Day following such determination), and, if applicable, to any stock exchange on which the relevant Notes are for

the time being listed. In addition, the Principal Paying Agent (except where the relevant Notes are unlisted and are in global form and held in their entirety on behalf of SIS in which event there may be substituted for such publication the delivery of such notice to SIS for communication to the holders of the Notes) shall publish or cause to be published such Rate of Interest, Interest Amount and Interest Payment Date in accordance with Condition 16 as soon as possible after their determination but in no event later than the fourth Zurich Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Notes are for the time being listed and to the Noteholders in accordance with Condition 16. For the purposes of these Conditions, the expression "**Zurich Business Day**" means a day (other than a Saturday or a Sunday) on which commercial banks are open for business in Zurich.

### 3.7 Certificates to be Final

All certificates, communications, determinations, calculations and decisions made for the purposes of the provisions of Conditions 3.2 to 3.6 and/or Condition 3.12, by the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Principal Paying Agent or, if applicable, the Calculation Agent and all Noteholders, and (in the absence as aforesaid) no liability to the Noteholders shall attach to the Calculation Agent, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

### 3.8 Other definitions

"**U.S. Government Securities Business Day**" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for the purposes of trading in U.S. government securities.

### 3.9 Zero Coupon Notes

Where a Zero Coupon Note becomes due and repayable prior to the Maturity Date and is not paid when due, the amount due and repayable shall be the amount determined in accordance with Condition 5.5 at its Amortised Face Amount. As from the Maturity Date, any overdue principal of such Note shall bear interest at a rate per annum equal to the Accrual Yield specified in the applicable Final Terms. Such interest shall continue to accrue (as well after as before any judgment) until the day on which all sums due in respect of such Note up to that day are received by or on behalf of the holder of such Note. Such interest will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and in the case of an incomplete month the actual number of days elapsed in such incomplete month.

### 3.10 Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes) interest will accrue as aforesaid on the paid-up nominal amount of such Notes.

### 3.11 Interest Payments

Interest will be paid subject to and in accordance with the provisions of Condition 4. Interest will cease to accrue on each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) on the due date for redemption thereof unless such Note is redeemed early. If such Note is redeemed early (i) if the applicable Final Terms specify that Accrual to Redemption is applicable, interest will cease to accrue on the due date for redemption or (ii) if the applicable Final Terms specify that Accrual to Redemption is not applicable, no interest shall accrue or be payable in respect of which the relevant Interest Payment Date has not occurred on or prior to the due date for redemption of such Note. If the payment of principal or the payment, and/or delivery of the Entitlement (if applicable), is improperly withheld or refused, interest will continue to accrue (as well after as before any judgment) at the Fixed Rate or, as the case may be, the Rate of Interest or as otherwise provided in the applicable Final Terms until whichever is the earlier of (i) the day on which all sums due and/or assets deliverable in respect of such Note up to that day are received by or on behalf of the holder of such Note and (ii) the day on which the Principal Paying Agent or any agent appointed by the Issuer to deliver such assets to

Noteholders has notified the holder thereof (either in accordance with Condition 16 or individually) of receipt of all sums due and/or assets deliverable in respect thereof up to that date.

Provided that in the case of Credit Securities, these provisions shall be subject to the provisions contained in Annex 10 – "Additional Terms and Conditions for Credit Securities".

### 3.12 Definitions

In these Terms and Conditions:

**"Business Day"** means a day which is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **"TARGET2 System"**) is open; and
- (c) either (i) in relation to any sum payable in a Settlement Currency other than euro or CNY, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Settlement Currency (any such centre, an **"Additional Business Centre"** and which, if the Settlement Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively), or (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open or (iii) in relation to any sum payable in CNY, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the CNY Settlement Centre(s).

**"Calculation Period"** means each Interest Period.

**"Day Count Fraction"** means, in respect of the calculation of a rate or an amount of interest for any Calculation Period:

- (a) if **"Actual/Actual (ICMA)"** is specified in the applicable Final Terms:
  - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Period End Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **"Accrual Period"**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (x) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (a) the number of days in such Determination Period and (b) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
    - (y) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (a) the number of days in such Determination Period and (b) the number of Determination Dates that would occur in one calendar year;

where:

**"Determination Date(s)"** means the date(s) specified in the applicable Final Terms;

**"Determination Period"** means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the Interest Period End Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

- (b) if **"Actual/Actual (ISDA)"** or **"Actual/Actual"** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if **"Actual/365 (Fixed)"** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;
- (d) if **"Actual/365 (Sterling)"** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of a Calculation Period ending in a leap year, 366;
- (e) if **"Actual/360"** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;
- (f) if **"30/360"**, **"360/360"** or **"Bond Basis"** is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**"Y<sub>1</sub>"** is the year expressed as a number, in which the first day of the Calculation Period falls;

**"Y<sub>2</sub>"** is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

**"M<sub>1</sub>"** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**"M<sub>2</sub>"** is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

**"D<sub>1</sub>"** is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31 in which case D<sub>1</sub>, will be 30; and

**"D<sub>2</sub>"** is the calendar day expressed as a number immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (g) if **"30E/360"** or **"Eurobond Basis"** is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31 in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (h) if "**30E/360 (ISDA)**" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 in which case D<sub>2</sub> will be 30.

### 3.13 Dual Currency Interest Notes

If the Notes are specified in the applicable Final Terms as Dual Currency Interest Notes, the amount of interest calculated in respect of any Interest Payment Date is not an amount in the Settlement Currency, it will be converted into the Settlement Currency at the Specified Exchange Rate specified in the applicable Final Terms or, if no Specified Exchange Rate is specified, the Settlement Currency Exchange Rate on the relevant Settlement Currency Exchange Rate Observation Date.

Any reference to "interest" in this Condition 3.13 shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 6.

#### 4. PAYMENTS AND PHYSICAL DELIVERY

For the purposes of this Condition 4, references to payment or repayment (as the case may be) of principal and/or interest and other similar expressions shall, where the context so admits, be deemed also to refer to delivery of any Entitlement(s).

(a) **Method of Payment**

Subject as provided below, payments in respect of Swiss Notes in the form of Intermediated Securities will be made to the Holders on the due date for such payment, subject to Condition 1.1 above and in accordance with the rules and procedures applied by SIS from time to time.

The Issuer or the Guarantor shall pay or cause to be paid all payments or principal and interest (if any) due to Holders under the Notes to the Principal Paying Agent. Upon receipt by the Principal Paying Agent of the due and punctual payment of such funds in Switzerland, the Issuer and the Guarantor shall be discharged from its obligations to Holders under the Notes to the extent that such funds have been received by the Principal Paying Agent as of such date.

Each Holder must look solely to the Principal Paying Agent for his share of each such payment so made to, or to the order of, the Principal Paying Agent.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment.

The applicable Final Terms may also contain provisions for variation of settlement where, for reasons beyond the control of the Issuer or any Noteholder (including, without limitation, unlawfulness, illegality, impossibility, *force majeure*, non-transferability or the like, each a "**Payment Disruption Event**"), the Issuer is not able to make, or any Noteholder is not able to receive, as the case may be, payment on the due date and in the Settlement Currency of any amount of principal or interest due under the Notes.

If the applicable Final Terms specify "CNY Payment Disruption Event" to be applicable, in the event that the Calculation Agent determines, in its sole and absolute discretion, that a CNY Payment Disruption Event has occurred or is likely to occur and that such CNY Payment Disruption Event is material in relation to the Issuer's payment obligations under the Notes in respect of any forthcoming Interest Payment Date, Maturity Date or other date on which any amount in respect of the Notes shall be due and payable (each such date, an "**Affected Payment Date**"), then the Calculation Agent shall notify Noteholders as soon as practicable of the occurrence of such CNY Payment Disruption Event in accordance with Condition 16.

(i) If the applicable Final Terms specify that "CNY Payment Disruption Event" is applicable to the Notes, upon the occurrence of a CNY Payment Disruption Event:

(A) Postponement

If the applicable Final Terms specify "Postponement" to be applicable in respect of the Notes, then the Affected Payment Date shall be postponed until the earlier of (A) the second Business Day following the day on which such CNY Payment Disruption Event ceases to exist, and (B) the date falling 14 calendar days following the original date on which the Affected Payment Date was scheduled to fall (the "**CNY Payment Disruption Cut-off Date**") and notice thereof shall be given to the relevant Noteholders in accordance with Condition 16. For the avoidance of doubt, no amount of interest shall be payable in respect of any delay in payment of any amount(s) due to the adjustment of any Affected Payment Date.

In the event that, pursuant to the preceding paragraph, the Affected Payment Date is adjusted to fall on the CNY Payment Disruption Cut-off Date and the Calculation Agent determines that a CNY Payment Disruption Event still exists on such day, then the Issuer shall make payment of the Equivalent Amount

of the relevant Interest Amount, Final Redemption Amount or such other amount payable (if applicable) on the CNY Payment Disruption Cut-off Date and notice thereof shall be given to the relevant Noteholders in accordance with Condition 16. Any such payment made by the Issuer on the CNY Payment Disruption Cut-off Date shall be in full and final settlement of its obligations to pay such amount in respect of the Notes.

(B) Payment of Equivalent Amount

If the applicable Final Terms specify "Payment of Equivalent Amount" to be applicable in respect of the Notes, the Issuer shall, upon giving notice prior to the relevant Affected Payment Date to the Noteholders in accordance with Condition 16, make payment of the Equivalent Amount of the relevant Interest Amount, Final Redemption Amount or such other amount payable (if applicable) on the relevant Affected Payment Date. Any such payment made by the Issuer on an Affected Payment Date shall be in full and final settlement of its obligations to pay such amount in respect of the Notes.

(C) For these purposes:

"**CNY**" means Chinese Yuan or Renminbi, the lawful currency of the People's Republic of China (including any lawful successor currency to the CNY).

"**CNY Governmental Authority**" means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the People's Republic of China, Hong Kong and any other CNY Settlement Centre(s).

"**CNY Payment Disruption Event**" means the occurrence of any of the following events:

- (1) an event which makes it impossible (where it had previously been possible) or impractical for the Issuer to convert any amounts due and payable in CNY under the Notes into or from the Equivalent Amount Settlement Currency in the general CNY foreign exchange market in the relevant CNY Settlement Centre(s), except where such impossibility or impracticality is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any CNY Governmental Authority (unless such law, rule or regulation is enacted after the relevant Trade Date, and it is impossible or impractical for the Issuer, due to events beyond its control, to comply with such law, rule or regulation) (a "**CNY Inconvertibility Event**"). For the avoidance of doubt, the inability of the Issuer to convert CNY solely due to issues relating to its creditworthiness shall not constitute a CNY Inconvertibility Event;
- (2) an event that makes it impossible (where it had previously been possible) or impractical for the Issuer to deliver (i) CNY between accounts inside the relevant CNY Settlement Centre(s), or (ii) from an account inside the relevant CNY Settlement Centre(s) to an account outside the relevant CNY Settlement Centre(s) (including, if applicable, to another CNY Settlement Centre) and outside Mainland China, or (iii) from an account outside the relevant CNY Settlement Centre(s) (including, if applicable, from an account inside another CNY Settlement Centre) and outside Mainland China to an account inside the relevant CNY Settlement Centre(s), except where such impossibility or impracticality is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any CNY Governmental Authority (unless such law, rule or regulation is enacted after the relevant Trade Date, and it is impossible or impractical for the Issuer, due to events beyond its control, to comply with such law, rule or regulation) (a "**CNY Non-Transferability Event**"). For the purposes of determining whether a CNY Non-Transferability Event has occurred only, a segregated CNY fiduciary cash account with the

People's Bank of China and operated by Bank of China (Hong Kong) Limited shall be deemed to be an account inside Hong Kong; and

- (3) an event that makes it impossible (where it had previously been possible) or impractical for the Issuer to obtain a firm quote of an offer price in respect of any amounts due and payable in CNY under the Notes (either in one transaction or a commercially reasonable number of transactions that, when taken together, is no less than such amount) in the general CNY foreign exchange market in the relevant CNY Settlement Centre(s) in order to perform its obligations under the Notes (a **"CNY Illiquidity Event"**). For the avoidance of doubt, the inability of the Issuer to obtain such firm quote solely due to issues relating to its creditworthiness shall not constitute a CNY Illiquidity Event.

**"CNY Settlement Centre"** means the financial centre(s) specified as such in the applicable Final Terms in accordance with applicable laws and regulations. If no CNY Settlement Centre is specified in the relevant Final Terms, the CNY Settlement Centre shall be deemed to be Hong Kong.

**"Equivalent Amount"** means, following the occurrence of a CNY Payment Disruption Event and in respect of the relevant Interest Amount, Final Redemption Amount or such other amount payable (if applicable) on the relevant Affected Payment Date or the relevant CNY Payment Disruption Cut-off Date, as the case may be (for these purposes, the **"Relevant CNY Amount"**), an amount in the Equivalent Amount Settlement Currency determined by the Calculation Agent (in its sole and absolute discretion), by converting the Relevant CNY Amount into the Equivalent Amount Settlement Currency using the Equivalent Amount Settlement Price for the relevant Affected Payment Date or the relevant CNY Payment Disruption Cut-off Date, as the case may be.

**"Equivalent Amount Settlement Currency"** means the currency specified as such in the applicable Final Terms.

**"Equivalent Amount Settlement Price"** means, in respect of any relevant day, the spot rate of exchange between CNY and the Equivalent Amount Settlement Currency on such day, appearing on the Equivalent Amount Settlement Price Source at the Equivalent Amount Settlement Valuation Time on such day (expressed as a number of units (or part units) of CNY for which one unit of the Equivalent Amount Settlement Currency can be exchanged), or if such rate is not available, the arithmetic mean (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer CNY/Equivalent Amount Settlement Currency exchange rates provided by two or more leading dealers on a foreign exchange market (as selected by the Calculation Agent) at the Equivalent Amount Settlement Valuation Time on such day. If less than two leading dealers provide the Calculation Agent with bid and offer CNY/Equivalent Amount Settlement Currency exchange rates on such day, the Calculation Agent shall determine the Equivalent Amount Settlement Price in its discretion.

**"Equivalent Amount Settlement Price Source"** means the price source specified in the applicable Final Terms.

**"Equivalent Amount Settlement Valuation Time"** means, unless otherwise specified in the applicable Final Terms, the time at which the Equivalent Amount Settlement Price Source publishes the Equivalent Amount Settlement Price.

**"impossible"** or **"impossibility"** in relation to a CNY Payment Disruption Event, shall include (but shall not be limited to) any act which, if done or performed by the Issuer (or any affiliate of the Issuer) would be or result in the breach of any applicable law, rule, or regulation.



"impractical" or "impracticality" means, in relation to a CNY Payment Disruption Event and in respect of any action to be taken by the Issuer, that the Issuer (or any of its affiliates) would incur a materially increased amount of taxes, duties, expenses or fees (as compared with circumstances existing on the Trade Date) to perform such action.

- (ii) If the Settlement Currency specified in the applicable Final Terms is a Relevant Currency (as defined below), "FX Settlement Disruption Event" will apply, and:
  - (A) If, on the second Business Day prior to the Disrupted Payment Date, the Calculation Agent (in its sole and absolute discretion) determines that a FX Settlement Disruption Event has occurred and is subsisting, the Issuer shall give notice (a "**FX Settlement Disruption Notice**") to the Noteholders in accordance with Condition 16 as soon as reasonably practicable thereafter and, in any event, prior to the relevant Disrupted Payment Date.
  - (B) Following the occurrence of a FX Settlement Disruption Event:
    - I. the date for payment of the relevant Disrupted Amount will be postponed to the earlier of (i) the second Business Day following the date on which the Calculation Agent determines that a FX Settlement Disruption Event is no longer subsisting and (ii) the date falling thirty calendar days following the scheduled due date for payment of the relevant Disrupted Amount (the "**FX Settlement Disruption Cut-off Date**") which, for the avoidance of doubt, may be later than the scheduled Maturity Date; and
    - II. (i) in the case of I(i) above, the Issuer will pay the relevant Disrupted Amount, less FX Settlement Disruption Expenses (if any) in the Settlement Currency specified in the applicable Final Terms or in the case of I(ii) above, in lieu of paying the relevant Disrupted Amount in the relevant Settlement Currency, the Issuer will, subject to sub-paragraph (C) below, convert the relevant Disrupted Amount into the FX Settlement Disruption Currency specified in the applicable Final Terms (using the FX Settlement Disruption Exchange Rate for the relevant Disrupted Payment Date) and will pay the relevant Disrupted Amount, less FX Settlement Disruption Expenses (if any) in the FX Settlement Disruption Currency on the FX Settlement Disruption Cut-off Date.
  - (C) If sub-paragraph (B)I(ii) applies, the Calculation Agent will determine the FX Settlement Disruption Exchange Rate in its sole and absolute discretion in accordance with the following procedures:
    - I. the FX Settlement Disruption Exchange Rate shall be the arithmetic mean (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Settlement Currency/FX Settlement Disruption Currency exchange rates provided by two or more leading dealers on a foreign exchange market (as selected by the Calculation Agent) on such day; or
    - II. if fewer than two leading dealers provide the Calculation Agent with bid and offer Settlement Currency/FX Settlement Disruption Currency exchange rates on such day, the Calculation Agent shall determine the FX Settlement Disruption Exchange Rate in its discretion.
  - (D) This Condition 4(a)(ii) shall not apply to Dual Currency Notes.
  - (E) For the avoidance of doubt, no Interest Period will be adjusted as a result of the postponement of any interest payment pursuant to this Condition 4(a), and no additional interest will be paid in respect of any postponement of the date for payment.

(F) For the avoidance of doubt, nothing contained in this Condition 4(a)(II) shall prevent the Issuer from determining that an Additional Disruption Event and/or Optional Additional Disruption Event has occurred, in which case, the provisions of Condition 9 shall prevail in the event of any conflict between this Condition 4(a)(II) and Condition 9.

(G) For these purposes:

**"Disrupted Amount"** means the relevant Interest Amount, Final Redemption Amount or such other amount payable (if any);

**"Disrupted Payment Date"** means the due date for payment of the relevant Disrupted Amount;

**"FX Settlement Disruption Currency"** means USD;

**"FX Settlement Disruption Event"** means the occurrence of an event which makes it unlawful, impossible or otherwise impracticable to pay any Disrupted Amount in the Settlement Currency on the scheduled due date for payment;

**"FX Settlement Disruption Exchange Rate"** means the rate of exchange between the Settlement Currency (as specified in the applicable Final Terms) and the FX Settlement Disruption Currency, determined by the Calculation Agent in accordance with the provisions of sub-paragraph (C) above;

**"FX Settlement Disruption Expenses"** means the sum of (i) the cost to the Issuer and/or its Affiliates of unwinding any hedging arrangements related to the Securities and (ii) any transaction, settlement or other costs and expenses arising directly out of the occurrence of a FX Settlement Disruption Event or the related payment of the Disrupted Amount, all as determined by the Calculation Agent in its sole and absolute discretion; and

**"Relevant Currency"** means each of Emirati Dirhams ("AED"), Argentinian Pesos ("ARS"), Australian Dollars ("AUD"), Bermudan Dollars ("BMD"), Bulgarian Leva ("BGN"), Bahraini Dinars ("BHD"), Botswana Pula ("BWP"), Brazilian Reais ("BRL"), Canadian Dollars ("CAD"), Swiss Francs ("CHF"), Chilean Pesos ("CLP"), Czech Republic Korun ("CZK"), Danish Kroner ("DKK"), Great British Pounds ("GBP"), Ghanaian Cedis ("GHS"), Hong Kong Dollars ("HKD"), Croatian Kuna ("KRW"), Hungarian Forints ("HUF"), Indonesian Rupiah ("IDR"), Israeli Shekels ("ILS"), Icelandic Krónur ("ISK"), Jordanian Dinars ("JOD"), Japanese Yen ("JPY"), Kenyan Shillings ("KES"), Kuwaiti Dinars ("KWD"), Kazakhstani Tenge ("KZT"), Lebanese Pounds ("LBP"), Moroccan Dirhams ("MAD"), Mauritian Rupees ("MUR"), Mexican Pesos ("MXN"), Malaysian Ringgits ("MYR"), Namibian Dollars ("NAD"), Nigerian Naira ("NGN"), Norwegian Kroner ("NOK"), New Zealand Dollars ("NZD"), Omani Riyals ("OMR"), Peruvian Nuevos Soles ("PEN"), Philippine Pesos ("PHP"), Polish Zloty ("PLN"), Qatari Riyals ("QAR"), Romanian Lei ("RON"), Russian Roubles ("RUB"), Saudi Riyals ("SAR"), Swedish Kronor ("SEK"), Singaporean Dollars ("SGD"), Thai Baht ("THB"), Tunisian Dinars ("TND"), Turkish Lira ("TRY") and South African Rand ("ZAR").

Notwithstanding the foregoing, payments in respect of Notes denominated and payable in U.S. dollars will be made at the specified office of the Principal Paying Agent in the United States if (a) the Issuer shall have appointed a Principal Paying Agent with specified offices outside the United States with the reasonable expectation that such Principal Paying Agent would be able to make payment at such specified offices outside the United States of the full amount due on the Notes in the manner provided above when due and (b) payment of the full amount due at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions.

Notwithstanding the foregoing, payments in respect of Notes denominated and payable in CNY will be made solely by transfer to a CNY bank account maintained in the CNY Settlement Centre(s) in accordance with prevailing rules and regulations.

If any date for payment of any amount in respect of any Note is not a Payment Day, then the holder thereof shall not be entitled to payment of the amount due until the next following Payment Day and shall not be entitled to any interest or other sum in respect of any such delay.

For these purposes, "**Payment Day**" means any day which (subject to Condition 13) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) the relevant place of presentation;
  - (B) each Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (ii) if TARGET2 System is specified as a Financial System in the applicable Final Terms, a day on which the TARGET2 System is open; and
- (iii) in relation to any sum payable in CNY, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the CNY Settlement Centre(s).

If the determination of any amount (whether in respect of principal, interest or otherwise) due in respect of the Notes on an Interest Payment Date, Instalment Date, early redemption date or the Maturity Date (such date a "**Scheduled Payment Date**") is calculated by reference to the valuation of one or more Underlying Reference(s) and the date (or final date, as the case may be) for such valuation is postponed or delayed as provided in the Terms and Conditions or in the applicable Final Terms to a date (such date the "**Delayed Date**") falling after the day that is two Business Days preceding such Scheduled Payment Date, notwithstanding any provision to the contrary in the Terms and Conditions or in the applicable Final Terms, such Interest Payment Date, Instalment Date, early redemption date or the Maturity Date, as the case may be, shall be postponed to the day falling two Business Days following such Delayed Date and no interest or other amount shall be payable on the Notes in respect of such delay.

The name of the initial Principal Paying Agent and its initial specified office is set out below. The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent and to appoint additional or other paying agents and/or to approve any change in the specified office of the Principal Paying Agent, provided that:

- (i) so long as any Notes are listed on any stock exchange, there will at all times be a paying agent, which may be the Principal Paying Agent with a specified office in the place required by the rules and regulations of the relevant stock exchange; and
- (ii) there will at all time be a Principal Paying Agent which will at all times be a paying agent in a jurisdiction within continental Europe other than the jurisdiction of the Issuer.

In addition, the Issuer shall immediately appoint a paying agent having a specified office in New York City in the circumstances described in Condition 4(a). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice shall have been given to the Noteholders in accordance with Condition 16.

Payments in respect of the Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 6, (ii) any

withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 6) any law implementing an intergovernmental approach thereto, and (iii) any withholding or deduction required pursuant to Section 871(m) of the Code.

(b) ***Physical Delivery***

(i) *Physical Delivery*

(A) Delivery

Delivery of the Entitlement(s) in respect of Notes in the form of Intermediated Securities will be made to the Holders on the due date for such delivery and in accordance with the rules and procedures applied by SIS from time to time.

The Issuer or, failing which, the Guarantor, shall procure the delivery or, in the case of Credit Securities, Delivery of any Entitlement(s) for each Note due to the Holders to the Principal Paying Agent. Upon receipt by the Principal Paying Agent of the due and punctual delivery of such Entitlement(s) in Switzerland, the Issuer and Guarantor shall be discharged from its obligations to Holders under such Notes to the extent that such Entitlement has been received by the Principal Paying Agent as of such date.

The Entitlement will be delivered at the risk of the relevant Noteholder in the manner provided below on the date fixed for redemption (such date, subject to adjustment in accordance with this Condition, the "**Delivery Date**") or in the case of Credit Securities Delivered at the risk of the relevant Noteholder, in the manner provided below on the Delivery Date (as defined in the Credit Security Conditions).

All costs, taxes, duties and/or expenses including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes ("**Expenses**") arising from the delivery of the Entitlement or the Delivery of the Deliverable Obligations, obligations and/or other assets comprising the Entitlement, as the case may be, in respect of such Notes shall be for the account of the relevant Noteholder and no delivery of the Entitlement or the Delivery of the Deliverable Obligations, obligations and/or other assets comprising the Entitlement, as the case may be, shall be made until all Expenses have been paid to the satisfaction of the Issuer by the relevant Noteholder.

(B) General

If Aggregation is specified as applicable in the applicable Final Terms, Notes held by the same Noteholder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Notes. The Entitlement or aggregate Entitlements in respect of the same Noteholder will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and in lieu thereof a cash adjustment calculated by the Calculation Agent in its sole and absolute discretion shall be paid to the Noteholder.

Following the Delivery Date of a Share or ETI Interest all dividends on the relevant Shares or ETI Interest to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares or ETI Interests executed on the Delivery Date and to be delivered in the same manner as such relevant Shares or ETI Interests. Any such

dividends to be paid to a Noteholder will be paid to the Noteholder in accordance with the rules and procedures applied by SIS from time to time.

For such period of time after delivery or Delivery of the Entitlement as the Issuer or any person acting on behalf of the Issuer shall continue to be the legal owner of the securities or Deliverable Obligations, obligations and/or other assets comprising the Entitlement (the "**Intervening Period**"), none of the Issuer, the Guarantor, the Principal Paying Agent, any Delivery Agent or any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities, obligations, assets or Deliverable Obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities, obligations, assets or Deliverable Obligations or (iii) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities, obligations, assets or Deliverable Obligations.

(C) Settlement Disruption

The provisions of this Condition 4(b)(i)(C) apply to Notes other than Credit Securities.

If, in the opinion of the Calculation Agent, delivery of the Entitlement using the method of delivery specified in the applicable Final Terms or such commercially reasonable manner as the Calculation Agent has determined is not practicable by reason of a Settlement Disruption Event (as defined below) having occurred and continuing on the Delivery Date, then the Delivery Date shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event, provided that, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by delivering the Entitlement using such other commercially reasonable manner as it may select and in such event the Delivery Date shall be such day as the Issuer deems appropriate in connection with delivery of the Entitlement in such other commercially reasonable manner. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Entitlement, the Delivery Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Delivery Date.

For so long as delivery of the Entitlement is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Disruption Cash Redemption Amount (as defined below) on the fifth Business Day following the date that notice of such election is given to the Noteholders in accordance with Condition 16. Payment of the Disruption Cash Redemption Amount will be made in such manner as shall be notified to the Noteholders in accordance with Condition 16. The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 16 that a Settlement Disruption Event has occurred. No Noteholder shall be entitled to any payment in respect of the relevant Note in the event of any delay in the delivery of the Entitlement due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

For the purposes hereof:

**"Disruption Cash Redemption Amount"**, in respect of any relevant Note, shall be the fair market value of such Note (taking into account, where the Settlement Disruption Event affected

some but not all of the Relevant Assets comprising the Entitlement and such non affected Relevant Assets have been duly delivered as provided above, the value of such Relevant Assets) less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion;

"**Settlement Business Day**" has the meaning specified in the applicable Final Terms; and

"**Settlement Disruption Event**" means, in the opinion of the Calculation Agent or, if the proviso in Condition 2.2(b) applies, the Guarantor, an event beyond the control of the Issuer or the Guarantor, as the case may be, as a result of which the Issuer or the Guarantor, as the case may be, cannot make delivery of the Relevant Asset(s) using the method specified in the applicable Final Terms.

(D) Failure to Deliver due to Illiquidity

The provisions of this Condition 4(b)(i)(D) apply to the Notes other than Credit Securities.

If "Failure to Deliver due to Illiquidity" is specified as applying in the applicable Final Terms and in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets (the "**Affected Relevant Assets**") comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a "**Failure to Deliver due to Illiquidity**"), then:

- I. subject as provided elsewhere in the Terms and Conditions, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated date of redemption in accordance with this Condition 4(b); and
- II. in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Failure to Deliver Redemption Amount (as defined below) on the fifth Business Day following the date that notice of such election is given to the Noteholders in accordance with Condition 16. Payment of the Failure to Deliver Redemption Amount will be made in such manner as shall be notified to the Noteholders in accordance with Condition 16. The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 16 that the provisions of this Condition 4(b)(i)(D) apply.

For the purposes hereof, "**Failure to Deliver Redemption Amount**" in respect of any relevant Note shall be the fair market value of such Note (taking into account, the Relevant Assets comprising the Entitlement which have been duly delivered as provided above, the value of such Relevant Assets), less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion.

(E) Additional Provisions for Credit Securities

In the case of Credit Securities, the provisions contained in Annex 10 – "Additional Terms and Conditions for Credit Securities" shall apply.

(ii) *Variation of Settlement*

- (A) If the applicable Final Terms indicate that the Issuer has an option to vary settlement in respect of the Notes, the Issuer may at its sole and absolute discretion in respect of each such Note, elect not to pay the relevant Noteholders the Final Redemption Amount or to deliver or procure delivery of the Entitlement to the relevant Noteholders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Final Redemption Amount on the Maturity Date to the relevant Noteholders, as the case may be. Notification of such election will be given to Noteholders in accordance with Condition 16.
- (B) If specified in the applicable Final Terms, the Issuer shall, in respect of each Note, in lieu of delivering or procuring the delivery of the Entitlement to the relevant Noteholders, make payment of the Final Redemption Amount on the Maturity Date to the relevant Noteholders.

(iii) *Issuer's Option to Substitute Assets or to pay the Alternate Cash Redemption Amount*

Notwithstanding any provision of these Conditions to the contrary, the Issuer may, in its sole and absolute discretion in respect of such Notes, if the Calculation Agent determines (in its sole and absolute discretion) that the Relevant Asset or Relevant Assets, as the case may be, comprises shares or ETI Interests which are not freely tradable, elect either (i) to substitute for the Relevant Asset or the Relevant Assets, as the case may be, an equivalent value (as determined by the Calculation Agent in its sole and absolute discretion) of such other shares or ETI Interests which the Calculation Agent determines, in its sole and absolute discretion, are freely tradable (the "**Substitute Asset**" or the "**Substitute Assets**", as the case may be) or (ii) not to deliver or procure the delivery of the Entitlement or the Substitute Asset or Substitute Assets, as the case may be, to the relevant Noteholders, but in lieu thereof to make payment to the relevant Noteholder on the Delivery Date of an amount equal to the fair market value of the Entitlement on the Valuation Date as determined by the Calculation Agent in its sole and absolute discretion by reference to such sources as it considers appropriate (the "**Alternate Cash Redemption Amount**"). Notification of any such election will be given to Noteholders in accordance with Condition 16 and in the event that the Issuer elects to pay the Alternate Cash Redemption Amount such notice shall give details of the manner in which such amount shall be paid.

For purposes hereof, a "**freely tradable**" share or an ETI Interest shall mean (i) with respect to the United States, a share or an ETI Interest, as the case may be, which is registered under the Securities Act or not restricted under the Securities Act and which is not purchased from the issuer of such share or an ETI Interest, as the case may be, and not purchased from an affiliate of the issuer of such share or an ETI Interest, as the case may be, or which otherwise meets the requirements of a freely tradable share or an ETI Interest, as the case may be, for purposes of the Securities Act, in each case, as determined by the Calculation Agent in its sole and absolute discretion or (ii) with respect to any other jurisdiction, a share or an ETI Interest, as the case may be, not subject to any legal restrictions on transfer in such jurisdiction.

(iv) *Rights of Noteholders and Calculations*

None of the Issuer, the Guarantor, the Calculation Agent, any Delivery Agent and the Agents shall have any responsibility for any errors or omissions in any calculation or determination in respect of the Notes.

The purchase of Notes does not confer on any holder of such Notes any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.

(v) *Commodity Securities*

Commodity Securities shall not be redeemed by physical delivery and the provisions of this Condition 4(b) shall not apply to Commodity Securities.

(c) **FX Disruption Event**

- (i) If on (A) any Settlement Currency Exchange Rate Observation Date or (B) (other than in the case of a FX Disruption Event which is a Dual Exchange Rate Event, Illiquidity Disruption or an Unscheduled Holiday) if a Specified Exchange Rate is specified in the applicable Final Terms, the second Business Day prior to the due date for payment of any amount calculated using such Specified Exchange Rate, the Calculation Agent determines that a FX Disruption Event has occurred and is subsisting it will give notice (an "**FX Disruption Notice**") to the Noteholders in accordance with Condition 16 as soon as reasonably practicable thereafter and, in any event, prior to the relevant due date for payment of the relevant amount to be calculated using such Settlement Currency Exchange Rate or Specified Exchange Rate, as applicable.
- (ii) Following the occurrence of a FX Disruption Event:
  - (A) the date for payment of the relevant amount to be calculated using the Settlement Currency Exchange Rate or Specified Exchange Rate, as applicable, will be postponed to the earlier of (i) the second Business Day following the date on which the Calculation Agent determines that a FX Disruption Event is no longer subsisting or (ii) the day falling thirty (30) calendar days following the scheduled due date for payment of such amount (the "**Postponed DE Payment Date**"), which, for the avoidance of doubt, may be later than the scheduled Maturity Date; and
  - (B) (i) in the case of (A)(i) above, the Issuer will pay the relevant amount in the Settlement Currency on the Postponed DE Payment Date or (ii) in the case of (A)(ii) above, subject to paragraphs (iii), (iv) and (v) below, in lieu of paying the relevant amount in the Settlement Currency, the Issuer will pay the relevant unconverted amount in the Specified Currency (each a "**Specified Currency Amount**") on the Postponed DE Payment Date.
- (iii) If the Issuer elects to pay the Specified Currency Amount as provided in paragraph (ii)(B) above it may (but is not obliged to) give notice to the Noteholders in accordance with Condition 16 (an "**Issuer Account Information Notice**") requesting from each Noteholder such information as it deems appropriate in order to pay the Specified Currency Amount to such Noteholder (including, *inter alios*, account information into which in the determination of the Calculation Agent the Specified Currency Amount may be paid). Upon receipt of an Issuer Account Information Notice, each Noteholder must deliver to the Calculation Agent in accordance with paragraph (vi) below with a copy to the Principal Paying Agent a notice (a "**Noteholder Account Information Notice**") not later than 20 calendar days following receipt of the Issuer Account Information Notice (the "**Account Information Cut-off Date**") specifying details of an account in which, in the determination of the Calculation Agent, the relevant Specified Currency Amount may be paid. If any Noteholder fails to deliver a valid Noteholder Account Information Notice by the Account Information Cut-off Date, the Issuer will pay or cause to be paid the relevant Specified Currency Amount as soon as practicable following receipt of the relevant Noteholder Account Information Notice, Provided That if any Noteholder fails to deliver a Noteholder Account Information Notice prior to the fortieth calendar day following deemed receipt of the Issuer Account Information Notice, then the Issuer shall be discharged from its obligation to pay to such Noteholder the Specified Currency Amount and shall have no further obligation or liability whatsoever in respect thereof.
- (iv) In the event that the Calculation Agent determines that it is unlawful, impossible or otherwise impracticable to pay any Specified Currency Amount (other than as a result of the failure to deliver a Noteholder Account Information Notice, if applicable) on the due date for payment thereof (a "**Non-Transferability Event**"), the Issuer shall notify the Noteholders in accordance with Condition 16 that such due date for payment has been postponed until the first date on which in the opinion of the Calculation Agent the relevant Non-Transferability Event is no longer subsisting.



- (v) Notwithstanding paragraphs (ii) to (iv) above, the Calculation Agent acting in a commercially reasonable manner may make such adjustment to the Conditions and/or the applicable Final Terms as it determines to be necessary or desirable to reflect or account for any market practice that develops in respect of the relevant FX Disruption Event. Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 16 stating the adjustment to the Conditions and/or the applicable Final Terms.
- (vi) Any Noteholder Account Information Notice from a Noteholder to the Calculation Agent will be validly given if delivered in writing to the Calculation Agent at the address specified for such purposes in the applicable Final Terms. Any such notice shall be deemed to have been given on the day when delivered or if delivered after 5.00 p.m. (Zurich time) on any day or on any day on which commercial banks were not open for business in Zurich, the first day thereafter on which commercial banks are open for business in Zurich. The relevant Noteholder must provide satisfactory evidence to the Calculation Agent of its holding of the relevant Notes.
- (vii) For the avoidance of doubt, no Interest Period will be adjusted as a result of the postponement of any interest payment pursuant to this Condition 4(c), and no additional interest will be paid in respect of any postponement of the date for payment.
- (viii) For these purposes "**FX Disruption Event**" means the occurrence of any of the following events:
  - (A) an Inconvertibility Event;
  - (B) a Dual Exchange Rate Event;
  - (C) an Illiquidity Disruption; or
  - (D) an Unscheduled Holiday.

Where:

"**Dual Exchange Rate Event**" means, with respect to any Settlement Currency Exchange Rate that the Settlement Currency Exchange Rate or any component rate of exchange thereof splits into dual or multiple currency exchange rates.

"**Illiquidity Disruption**" means, in relation to a Settlement Currency Exchange Rate, the occurrence of an event on a Settlement Currency Observation Date (or, if different, the day on which rates for that Settlement Currency Observation Date would, in the ordinary course, be published or announced by the relevant price source) which makes it impossible to obtain a firm quote of the Settlement Currency Exchange Rate for an amount to be determined by the Calculation Agent (either in one transaction or a commercially reasonable number of transactions that, when taken together, total such amount determined by the Calculation Agent);

"**Inconvertibility Event**" means the occurrence of any event or existence of any condition that has the effect of it being impossible, illegal or impracticable for, or has the effect of prohibiting, restricting or materially delaying the ability of the Issuer and/or any of its Affiliates (I) to convert the Specified Currency into the Settlement Currency through customary legal channels; (II) to effect currency transactions on terms as favourable as those available to residents of the Reference Jurisdiction; or (III) to freely and unconditionally transfer or repatriate funds (in the Specified Currency or the Settlement Currency) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or between accounts inside the Reference Jurisdiction.

"**Reference Jurisdiction**" means the jurisdiction specified as such in the applicable Final Terms.

**"Unscheduled Holiday"** means, in respect of any Settlement Currency Exchange Rate Observation Date, any date on which such date is not a Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9.00 a.m. local time in the principal financial centre of the Specified Currency or Settlement Currency (which, if the Specified Currency or Settlement Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) two Business Days prior to such day.

## 5. REDEMPTION AND PURCHASE

### 5.1 Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, each Note (other than a Credit Security) will be redeemed by the Issuer at its relevant Final Redemption Amount on the Maturity Date (in each case, as specified in the applicable Final Terms) or, if the Notes are Physical Delivery Notes by delivery of the Entitlement (as provided in Condition 4(b) above) or (in the care of a Credit Security) at the relevant amount and/or by delivery as specified in the Credit Security Condition. This Note may not be redeemed other than in accordance with these Conditions.

If the Notes are Dual Currency Redemption Notes, the Final Redemption Amount will be converted into the Settlement Currency as provided in Condition 5.11 below.

The **"Entitlement"** shall be the quantity of the Relevant Asset(s) equal to the Entitlement Amount specified in the applicable Final Terms.

### 5.2 Redemption for Taxation Reasons

The provisions of this Condition 5.2 shall not apply in the case of Notes if Condition 6.2 is specified as applicable in the applicable Final Terms.

- (a) If the Issuer or the Guarantor would, as a result of any change in, or in the official interpretation or administration of, any laws or regulations of France (in the case of payments by BNPP) or the Netherlands (in the case of payments by BNPP B.V.) or, in each case, any other authority thereof or therein be required to pay additional amounts as provided in Condition 6, the Issuer may at its option at any time (in the case of Notes other than Floating Rate Notes, Linked Interest Notes, or Dual Currency Interest Notes) or on any Interest Payment Date (in the case of Floating Rate Notes, Linked Interest Notes or Dual Currency Interest Notes) on giving not more than 45 nor less than 30 days' notice to the Noteholders (in accordance with Condition 16) which notice shall be irrevocable, redeem all, but not some only, of the Notes at their Early Redemption Amount (as defined below) together with interest accrued to the date fixed for redemption, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date upon which the Issuer could make payment without withholding or deduction for such taxes.
- (b) If the Issuer or the Guarantor would, on the next due date for payment of any amount in respect of the Notes, be prevented by French law (in the case of payments by BNPP) or Dutch law (in the case of payments by BNPP B.V.), from making such payment notwithstanding the undertaking to pay additional amounts as provided in Condition 6, then the Issuer shall forthwith give notice of such fact to the Principal Paying Agent and shall at any time (in the case of Notes other than Floating Rate Notes, Linked Interest Notes or Dual Currency Interest Notes) or on any Interest Payment Date (in the case of Floating Rate Notes, Linked Interest Notes or Dual Currency Interest Notes) redeem all, but not some only, of the Notes then outstanding at their Early Redemption Amount (as defined below) together with interest accrued to the date fixed for redemption, upon giving not less than 7 nor more than 45 days' prior notice to the Noteholders (in accordance with Condition 16), provided that the due date for redemption of which notice hereunder shall be given shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of interest payable in respect of the Notes or, if such date is already past, as soon as practicable thereafter.

### 5.3 Redemption at the Option of the Issuer (Issuer Call Option)

If Issuer Call Option is specified in the applicable Final Terms, the Issuer may having given not less than 15 nor more than 30 days' notice (or such other period specified in the applicable Final Terms (the "**Notice Period**")) to the Noteholders in accordance with Condition 16, (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any date fixed for redemption as specified in the applicable Final Terms (the "**Optional Redemption Date**") and at the amount at (the "**Optional Redemption Amount**") specified in or determined on the date (the "**Optional Redemption Valuation Date**") and in the manner specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any partial redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Higher Redemption Amount.

In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected in accordance with the rules of SIS. The aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes.

### 5.4 Redemption at the Option of the Noteholders (Noteholder Put Option)

If Noteholder Put Option is specified in the applicable Final Terms, upon a Noteholder giving to the Issuer in accordance with Condition 16 not less than 15 nor more than the 30 days' notice (or such other period specified in the applicable Final Terms (the "**Notice Period**")) the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Note on any date fixed for redemption as specified in the applicable Final Terms (the "**Optional Redemption Date**") and at an amount (the "**Optional Redemption Amount**") specified in or determined on the date (the "**Optional Redemption Valuation Date**") and in the manner specified in the applicable Final Terms, together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date (each date and amount as specified in the applicable Final Terms).

If a Note is represented by a Global Note and held through SIS, to exercise the right to require redemption of this Note the relevant Noteholder must, within the Notice Period, give notice to the Principal Paying Agent concerned of such exercise in accordance with the standard procedures of SIS (which may include notice being given on his instruction by SIS for them to the Principal Paying Agent by electronic means) in a form provided by the Principal Paying Agent and acceptable to SIS from time to time and, if a Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly.

Any Put Notice given by a Noteholder pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such Noteholder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 8.

### 5.5 Early Redemption

For the purposes of paragraph 5.2 above, Condition 8 and any circumstances where the Notes are to be redeemed prior to their Maturity Date at their Early Redemption Amount (as defined below), each Note will be redeemed at an amount (the "**Early Redemption Amount**") calculated as follows, together, if appropriate, with interest accrued to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable:

- (a) in the case of a Note (other than a Zero Coupon Note or a Note whose Early Redemption Amount is linked to an index, a formula or other Underlying Reference) with a Final Redemption Amount equal to its nominal amount, at the Final Redemption Amount thereof; or
- (b) in the case of a Note with a Final Redemption Amount or interest, coupon or other interim payment which is linked to an index, a formula or other Underlying Reference, at the percentage of the Calculation Amount

specified in the applicable Final Terms or, if "Market Value less Costs" is specified in the applicable Final Terms at the fair market value less associated costs; or

- (c) in the case of a Zero Coupon Note the Early Redemption Amount of which is not linked to an index, a formula or other Underlying Reference at an amount (the "**Amortised Face Amount**") equal to the sum of:
- (i) the Reference Price specified in the applicable Final Terms; and
  - (ii) the product of the Accrual Yield specified in the applicable Final Terms (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period of less than a full year, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed in such incomplete month.

#### 5.6 Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may, but is not obliged to, at any time purchase Notes at any price in the open market or otherwise. Such Notes may be held, reissued, resold or surrendered for cancellation.

#### 5.7 Cancellation

All Notes which are redeemed or purchased by the Issuer to be cancelled will forthwith be cancelled and accordingly may not be re-issued or resold.

#### 5.8 Instalments

Each Note which is redeemable in instalments will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms. In the case of early redemption, the Early Redemption Amount of Instalment Notes will be determined in the manner specified in the applicable Final Terms.

#### 5.9 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph 5.2, 5.3 or 5.4 above is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph 5.5(c) above as though the references therein to the date fixed for redemption or the date upon which the Zero Coupon Note becomes due and repayable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of the Zero Coupon Note have been paid; and
- (b) the date on which the full amount of the moneys payable has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 16.

#### 5.10 Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise in accordance with the provisions of this Condition 5.

#### 5.11 Dual Currency Redemption Notes

If the Notes are specified in the applicable Final Terms as Dual Currency Redemption Notes, any amount payable on the redemption of the Notes will be converted into the Settlement Currency at the Specified Exchange Rate specified in the applicable Final Terms or, if no Specified Exchange Rate is specified, the Settlement Currency Exchange Rate on the relevant Settlement Currency Exchange Rate Observation Date.

References to "principal" in this Condition 5.11 shall be deemed to include, as applicable:

- (a) any additional amounts which be payable with respect to principal under Condition 6;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) the Instalment Amounts;
- (f) the Automatic Early Redemption Amount (if any) of the Notes;
- (g) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 5.5); and
- (h) any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

## **6. TAXATION**

### **6.1 Withholding taxes and additional amounts**

Conditions 6.1(a) and 6.1(b) apply to the Notes if Condition 6.2 is specified as not applicable in the applicable Final Terms.

- (a) All payments in respect of Notes, or under the relevant Guarantee shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law.
- (b) Subject to Condition 6.2, in the event that any amounts are required to be deducted or withheld for, or on behalf of, any Tax Jurisdiction, the Issuer or, as the case may be, the Guarantor shall, to the fullest extent permitted by law, pay such additional amount as may be necessary, in order that each Noteholder after deduction or withholding of such taxes, duties, assessments or governmental charges, will receive the full amount then due and payable provided that no such additional amount shall be payable with respect to any Note:
  - (i) that is held by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his being connected with the Netherlands (in the case of payments by BNPP B.V.) or France (in the case of payments by the Guarantor) other than by the mere holding of such Note; or
  - (ii) presented for payment more than 30 days after the Relevant Date (as defined below), except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 4(a)).

### **6.2 No Gross-up**

If Condition 6.2 is specified as applicable in the applicable Final Terms, neither the Issuer nor the Guarantor, as the case may be, shall (i) pay any additional amount to cover any amounts withheld or deducted in the event that any amounts are required to be withheld or deducted for, or on account of any tax, duty, withholding or payment, and (ii) be liable for or

otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Note and all payments made by the Issuer or the Guarantor shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

### 6.3 Definitions

In these Terms and Conditions:

- (a) **Tax Jurisdiction** means France or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by BNPP as Guarantor) or the Netherlands or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by BNPP B.V.); and
- (b) the **Relevant Date** means the date on which the relevant payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 16.

## 7. REDENOMINATION

### 7.1 Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, on giving prior notice to the Principal Paying Agent and SIS and at least 30 days' prior notice to the Noteholders in accordance with Condition 16 (and in accordance with the standard procedures of SIS), elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (a) the Notes shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Principal Paying Agent, that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Principal Paying Agent of such deemed amendments;
- (b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of Notes presented for payment by the relevant Noteholder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Principal Paying Agent may approve) euro 0.01 and such other denominations as the Principal Paying Agent shall determine and notify to the Noteholders;
- (d) after the Redenomination Date, all payments in respect of the Notes other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Settlement Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

- (e) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on a Fixed Interest Date, it will be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit (defined above) of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention;
- (f) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and
- (g) such other changes shall be made to these Conditions as the Issuer may decide, after consultation with the Principal Paying Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro.

## 7.2 Definitions

In these Conditions, the following expressions have the following meanings:

**"Established Rate"** means the rate for the conversion of the Specified Currency (including compliance with rules relating to rounding in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

**"euro"** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

**"Redenomination Date"** means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph 7.1 above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

**"Treaty"** means the Treaty on the Functioning of the European Union, as amended.

## 8. EVENTS OF DEFAULT AND ENFORCEMENT

### Events of Default

A Noteholder may give written notice to the Issuer and the Principal Paying Agent that the Note is, and it shall accordingly forthwith become, immediately due and repayable at its Early Redemption Amount, together, if appropriate, with interest accrued to the date of repayment, in any of the following events ("**Events of Default**"):

- (a) the Issuer fails to pay any amount payable in respect of the Notes or any of them when due and payable and such default is not remedied within 30 days after the relevant due date; or
- (b) the Issuer or the Guarantor fails to perform or observe any of its other obligations under the Notes and such default is not remedied within 45 days after notice of such default has been given to the Principal Paying Agent by any Noteholder; or
- (c) BNPP ceases its payments, or a judgment is issued for the judicial liquidation (*liquidation judiciaire*) of BNPP or for a transfer of the whole of its business (*cession totale de l'entreprise*), or the Issuer or Guarantor is subject to similar proceedings, or, in the absence of legal proceedings, the Issuer or Guarantor makes a conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors, or a resolution is passed by the Issuer or Guarantor for its winding-up or dissolution, except in connection with a merger or other reorganisation in which all of the Issuer's or the Guarantor's assets are transferred to, and all of the Issuer's or Guarantor's debts and liabilities (including the Notes) are assumed by, another entity which continues the Issuer's or Guarantor's activities.

## 9. ADDITIONAL DISRUPTION EVENTS AND OPTIONAL ADDITIONAL DISRUPTION EVENTS

### 9.1 Definitions

**"Additional Disruption Event"** means each of Change in Law and Hedging Disruption, unless otherwise specified otherwise in the applicable Final Terms;

**"Affiliate"** means in relation to any entity (the **"First Entity"**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "control" means ownership of a majority of the voting power of an entity;

**"Cancellation Event"** means, that in the determination of the Calculation Agent, all or some of the Debt Instruments are redeemed prior to their stated maturity date for any reason, and as a result thereof it is impossible, impracticable or unduly onerous for the Issuer or its Affiliates to hedge the Issuer's obligations in respect of the Notes;

**"Change in Law"** means that, on or after the Trade Date (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, in respect of any tax law, solvency or capital requirements), or (b) due to the promulgation of or any change in the interpretation or application of any law or regulation by any court, tribunal or regulatory or other supervisory authority with competent jurisdiction (including any action taken by a taxing or financial authority or any supervisory authority) or the combined effect thereof if occurring more than once, the Issuer determines in its sole and absolute discretion that:

- (a) it has become illegal for it or any of its Affiliates to hold, acquire or dispose of any relevant hedge position relating to an Index (in the case of Index Securities), any relevant hedge position relating to a Debt Instrument (in the case of Debt Securities), any relevant hedge position relating to a Share (in the case of Share Securities), any relevant hedge position relating to an ETI Interest (in the case of ETI Securities), any relevant hedge position relating to a Commodity or Commodity Index (in the case of Commodity Securities) or any relevant hedge position relating to a Fund Share (in the case of Fund Securities) (each a **"Hedge"**); or
- (b) it or any of its Affiliates would incur a materially increased cost (including, without limitation, in respect of any tax, solvency, regulatory or capital requirements) in maintaining the Notes in issue or in holding, acquiring or disposing of any Hedge;

**"Currency Event"** means that, on or after the Trade Date, it has become impracticable, illegal or impossible for the Issuer or any of its Affiliates (a) to convert the relevant currency (**"Local Currency"**) in which the Index, the Shares or the Debt Instruments or any options or futures contracts or other hedging arrangement in relation to the Index, the Shares or the Debt Instruments (for the purposes of hedging the Issuer's obligations under the Securities) are denominated, into the Specified Currency or Settlement Currency, as applicable, or exchange or repatriate any funds in the Local Currency or the Specified Currency or Settlement Currency, as applicable, outside of the country in which the Index, the Shares or the Debt Instruments or any options or futures contracts in relation to the Index, the Shares or the Debt Instruments respectively are traded due to the adoption of, or any change in, any applicable law, rule, regulation, judgment, order, directive or decree of any Government Authority or otherwise, or (b) for the Calculation Agent to determine a rate or (in the determination of the Calculation Agent) a commercially reasonable rate at which the Local Currency can be exchanged for the Settlement Currency for payment under the Notes;

**"Force Majeure Event"** means that, on or after the Trade Date, the performance of the Issuer's obligations under the Notes is prevented or materially hindered or delayed due to:

- (a) any act (other than a Market Disruption Event), law, rule, regulation, judgment, order, directive, interpretation, decree or material legislative or administrative interference of any Government Authority or otherwise; or



- (b) the occurrence of civil war, disruption, military action, unrest, political insurrection, terrorist activity of any kind, riot, public demonstration and/or protest, or any other financial or economic reasons or any other causes or impediments beyond such party's control; or
- (c) any expropriation, confiscation, requisition, nationalisation or other action taken or threatened by any Government Authority that deprives the Issuer or any of its Affiliates, of all or substantially all of its assets in the Local Currency/relevant jurisdiction;

**"Government Authority"** means any nation, state or government, any province or other political subdivision thereof, any body, agency or ministry, any taxing, monetary, foreign exchange or other authority, court, tribunal or other instrumentality and any other entity exercising, executive, legislative, judicial, regulatory or administrative functions of or pertaining to government;

**"Hedging Disruption"** means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) or any futures or option contracts it deems necessary to hedge the equity price risk or any other relevant price risk including but not limited to the currency risk of the Issuer issuing and performing its obligations with respect to the Notes, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s), asset(s) or futures or options contract(s) or any relevant hedge positions relating to the Notes;

**"Hedging Shares"** means the number of components comprised in an Index (in the case of Index Securities) or the number of Shares (in the case of Share Securities) that the Issuer and/or any of its Affiliates deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Notes;

**"Increased Cost of Hedging"** means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) or any futures or options contract on any Commodity or, in the case of a Commodity Index, Index Component (in the case of Commodity Securities) or, in respect of any Index Securities relating to a Custom Index, any relevant hedge positions relating to an Index, or, in respect of any Debt Securities, any relevant hedge positions relating to a Debt Instrument, it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s) or any such futures or options contract(s) or, in respect of any Index Securities relating to a Custom Index, any relevant hedge positions relating to an Index, or, in respect of any Debt Securities, any relevant hedge positions relating to a Debt Instrument, provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging;

**"Increased Cost of Stock Borrow"** means that the Issuer and/or any of its Affiliates would incur a rate to borrow any component security comprised in an Index (in the case of Index Securities) or any Share (in the case of Share Securities) or a security/commodity comprised in a Custom Index (in the case of Custom Index Securities) that is greater than the Initial Stock Loan Rate;

**"Initial Stock Loan Rate"** means, in respect of a component security comprised in an Index (in the case of Index Securities) or a Share (in the case of Share Securities), or a security/commodity comprised in a Custom Index (in the case of Custom Index Securities) the initial stock loan rate specified in relation to such Share, security, component or commodity in the applicable Final Terms;

**"Insolvency Filing"** means that a Share Company or Basket Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law

affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Share Company or Basket Company shall not be deemed an Insolvency Filing;

**"Jurisdiction Event"** means that, on or after the Trade Date, it has become impracticable, illegal or impossible for the Issuer or any of its Affiliates to purchase, sell, hold or otherwise deal (or to continue to do so in the future) in the Index, the Shares or the Debt Instruments or any options or futures contracts in relation to the Index, the Shares or the Debt Instruments in order for the Issuer to perform its obligations under the Notes or in respect of any relevant hedging arrangements in connection with the Notes (including, without limitation, any purchase, sale or entry into or holding of one or more securities positions, currency positions, stock loan transactions, derivatives position, commodity position or other instruments or arrangements (however described) by the Issuer and/or any of its Affiliates in order to hedge, either individually or on a portfolio basis, the Notes) or the costs of so doing would (in the sole and absolute determination of the Calculation Agent) be materially increased under the restriction or limitation of the existing or future law, rule, regulation, judgment, order, interpretation, directive or decree of any Government Authority or otherwise;

**"Loss of Stock Borrow"** means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any component security comprised in an Index (in the case of Index Securities) or any Share (in the case of Share Securities) in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate;

**"Maximum Stock Loan Rate"** means in respect of a component security comprised in an Index (in the case of Index Securities) or a Share (in the case of Share Securities), or a security or commodity comprised in a Custom Index (in the case of Custom Index Securities) the Maximum Stock Loan Rate specified in the applicable Final Terms;

**"Optional Additional Disruption Event"** means any of Cancellation Event, Currency Event, Force Majeure Event, Jurisdiction Event, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing, Loss of Stock Borrow and/or Stop-Loss Event, in each case if specified in the applicable Final Terms;

**"Stop-Loss Event"** means, in respect of a Share, the price of any Share as quoted on the relevant Exchange for such Share at the Scheduled Closing Time on any Scheduled Trading Day that is not a Disrupted Day in respect of such Share on or after the Trade Date or, if later, the Strike Date, is less than 5 per cent., or such percentage specified in the applicable Final Terms, of its Strike Price or, if no Strike Price is specified in the applicable Final Terms, the price given as the benchmark price for such Share in the applicable Final Terms, all as determined by the Calculation Agent;

**"Trade Date"** has the meaning given to it in the applicable Final Terms.

9.2 If Additional Disruption Events are specified as applicable or if an Optional Additional Disruption Event is specified in the applicable Final Terms and an Additional Disruption Event and/or an Optional Additional Disruption Event (as applicable) occurs, the Issuer in its sole and absolute discretion may take the action described in (a) or, if applicable, (b), (c), (d) or (e), as the case may be, below:

- (a) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and/or Optional Additional Disruption Event and determine the effective date of that adjustment;
- (b) unless Delayed Redemption on Occurrence of Additional Disruption Event and/or Optional Additional Disruption Event is specified in the applicable Final Terms, on giving notice to Noteholders in accordance with Condition 16, redeem all but not some only of the Notes, each Note being redeemed by payment of an amount equal to the fair market value of such Note taking into account the Additional Disruption Event and/or Optional Additional Disruption Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging

arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with Condition 16; or

- (c) if Delayed Redemption on Occurrence of Additional Disruption Event and/or Optional Additional Disruption Event is specified as being applicable in the applicable Final Terms, the Calculation Agent shall calculate the fair market value of each Note, taking into account the Additional Disruption Event and/or Optional Additional Disruption Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Additional Disruption Amount**") as soon as practicable following the occurrence of the Additional Disruption Event and/or Optional Additional Disruption Event (the "**Calculated Additional Disruption Amount Determination Date**") and on the Maturity Date shall redeem each Note at an amount calculated by the Calculation Agent equal to (x) the Calculated Additional Disruption Amount plus interest accrued from and including the Calculated Additional Disruption Amount Determination Date to but excluding the Maturity Date at a rate equal to Issuer's funding cost at such time or (y) if Principal Protected Termination Amount is specified as being applicable in the applicable Final Terms and if greater, the Calculation Amount; or
- (d) in the case of Index Securities linked to a Custom Index, the Calculation Agent may use commercially reasonable efforts to select a successor index with a substantially similar formula for and method of calculation as the Custom Index within twenty (20) Scheduled Custom Index Business Days of the occurrence of the relevant Additional Disruption Event or Optional Additional Disruption Event and, upon selection of such successor index (the "**Successor Index**"), the Calculation Agent shall promptly notify the Issuer and the Issuer will give notice to the Noteholders in accordance with Condition 16 and such index shall become the Successor Index and deemed to be a "Custom Index" for the purposes of the Notes and the Calculation Agent will make such adjustment, if any, to one or more of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for the substitution. Such substitution and any relevant adjustment to the Terms and Conditions and/or the applicable Final Terms will be deemed to be effective as of the date selected by the Calculation Agent in its sole and absolute discretion which may, but need not be the date on which the relevant Additional Disruption Event or Optional Additional Disruption Event occurred; or
- (e) in the case of Share Securities linked to a Basket of Shares, the Calculation Agent may adjust the Basket of Shares to include a Share selected by it in accordance with the criteria for Share selection set out below (each a "**Substitute Share**") for each Share (each an "**Affected Share**") which is affected by the Additional Disruption Event and/or Optional Additional Disruption Event and the Substitute Share will be deemed to be a "**Share**" and the relevant issuer of such shares a "**Basket Company**" for the purposes of the Notes, and the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, provided that in the event that any amount payable under the Notes was to be determined by reference to the Initial Price of the Affected Share, the Initial Price of each Substitute Share will be determined by the Calculation Agent in accordance with the following formula:

$$\text{Initial Price} = A \times (B/C)$$

where:

"A" is the official closing price of the relevant Substitute Share on the relevant Exchange on the Substitution Date;

"B" is the Initial Price of the relevant Affected Share; and

"C" is the official closing price of the relevant Affected Share on the relevant Exchange on the Substitution Date.

Such substitution and the relevant adjustment to the Basket of Shares will be deemed to be effective as of the date selected by the Calculation Agent (the "Substitution Date") in its sole and absolute discretion and specified in the notice referred to below which may, but need not, be the relevant date of the Additional Disruption Event and/or Optional Additional Disruption Event.

The Weighting of each Substitute Share in the Basket of Shares will be equal to the Weighting of the relevant Affected Share.

In order to be selected as a Substitute Share, the relevant share must be a share which, in the sole and absolute discretion of the Calculation Agent:

- (i) is not already included in the Basket of Shares;
- (ii) the relevant issuer of such share belongs to the same economic sector as the Basket Company in respect of the Affected Share; and
- (iii) the relevant issuer of such share has a comparable market capitalisation, international standing and exposure as the Basket Company in respect of the Affected Share.

- 9.3 Upon the occurrence of an Additional Disruption Event and/or Optional Additional Disruption Event, if the Calculation Agent determines that an adjustment in accordance with the above provisions is necessary it shall notify the Issuer thereof as soon as practicable and the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 16 stating the occurrence of the Additional Disruption Event and/or Optional Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto

## **10. KNOCK-IN EVENT AND KNOCK-OUT EVENT**

- 10.1 If "Knock-in Event" is specified as applicable in the applicable Final Terms, then any payment and/or delivery, as applicable, under the relevant Notes which is expressed in the applicable Final Terms to be subject to a Knock-in Event, shall be conditional upon the occurrence of such Knock-in Event.
- 10.2 If "Knock-out Event" is specified as applicable in the applicable Final Terms, then any payment and/or delivery, as applicable, under the relevant Notes which is expressed in the applicable Final Terms to be subject to a Knock-out Event, shall be conditional upon the occurrence of such Knock-out Event.
- 10.3 In respect of Index Securities, Share Securities, Debt Securities and Futures Securities, if the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is the Valuation Time and if on any Knock-in Determination Day or Knock-out Determination Day (a) in respect of Notes other than Custom Index Securities or Debt Securities, at any time during the one hour period that begins or ends at the Valuation Time the Level triggers the Knock-in Level or the Knock-out Level, a Trading Disruption, Exchange Disruption or Early Closure occurs or exists, or (b) in respect of Custom Index Notes or Debt Securities, a Custom Index Disruption Event or Market Disruption Event, as applicable, is occurring, then (i) if Disruption Consequences are specified as not applicable in the applicable Final Terms, a Knock-in Event or Knock-out Event may occur notwithstanding such Trading Disruption, Exchange Disruption, Early Closure, Custom Index Disruption Event or Market Disruption Event or (ii) if Disruption Consequences are specified as applicable in the applicable Final Terms, the Knock-in Event or the Knock-out Event shall be deemed not to have occurred; provided that if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the Level as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of "Valuation Date" for the purposes of determining the occurrence of a Knock-in Event or Knock-out Event.

- 10.4 In respect of Commodity Securities or Currency Securities, if the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is the Valuation Time and if any Knock-in Determination Day or Knock-out Determination Day is a Commodity Disrupted Day or a Disrupted Day, as applicable, then (i) if Disruption Consequences are specified as not applicable in the applicable Final Terms, a Knock-in Event or Knock-out Event may occur notwithstanding such day being a Commodity Disrupted Day or a Disrupted Day, as the case may be or (ii) if Disruption Consequences are specified as applicable in the applicable Final Terms, such Knock-in Determination Day or Knock-out Determination Day will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining the occurrence of a Knock-in Event or a Knock-out Event.
- 10.5 In respect of Notes other than Custom Index Securities or Debt Securities, if the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is any time or period of time during the regular trading hours on the relevant Exchange and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one-hour period that begins or ends at the time on which the Level triggers the Knock-in Level or the Knock-out Level, (a) in the case of Index Securities, Share Securities and Futures Securities, a Trading Disruption, Exchange Disruption or Early Closure, (b) in the case of Currency Securities, a Disruption Event or (c) in the case of Commodity Securities, a Market Disruption Event, in each case occurs or exists, then (i) if Disruption Consequences are specified as not applicable in the applicable Final Terms, a Knock-in Event or Knock-out Event may occur notwithstanding such Trading Disruption, Exchange Disruption, Early Closure, Disruption Event or Market Disruption Event or (ii) if Disruption Consequences are specified as applicable in the applicable Final Terms, the Knock-in Event or the Knock-out Event shall be deemed not to have occurred, provided that, in the case of Notes other than Commodity Securities or Currency Securities, if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the Level as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of "Valuation Date" for the purposes of determining the occurrence of a Knock-in Event or Knock-out Event.
- 10.6 In respect of Debt Securities, if the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is any time or period of time during the regular trading hours on the exchange on which the relevant Debt Instrument is traded or on any exchange on which options contracts or futures contracts with respect to such Debt Instrument are traded and if on any Knock-in Determination Day or Knock-out Determination Day and at any time at which the Level triggers the Knock-in Level or the Knock-out Level, a Market Disruption Event has occurred or is occurring, then (i) if Disruption Consequences are specified as not applicable in the applicable Final Terms, a Knock-in Event or Knock-out Event may occur notwithstanding such Market Disruption Event or (ii) if Disruption Consequences are specified as applicable in the applicable Final Terms, the Knock-in Event or the Knock-out Event shall be deemed not to have occurred, provided that if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the Level as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of "Valuation Date" for the purposes of determining the occurrence of a Knock-in Event or Knock-out Event.

10.7 Definitions relating to Knock-in Event/Knock-out Event

**"Knock-in Determination Day"** means the dates specified as such in the applicable Final Terms;

**"Knock-in Determination Period"** means the period which commences on, and includes, the Knock in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date;

**"Knock-in Event"** means:

- (a) (in respect of a single Underlying Reference) that the Level determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day is; or
- (b) (in respect of a Basket of Underlying References) that the amount determined by the Calculation Agent equal to the sum of the values of each Underlying Reference as the product of (x) the Level of such Underlying Reference as determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day and (y) the relevant Weighting is,
  - (A) "greater than", "greater than or equal to", "less than" or "less than or equal to" the Knock-in Level or, if applicable, (B) "within" the Knock-in Range Level, in each case as specified in the applicable Final Terms;

**"Knock-in Level"** means the level, price, amount, number or percentage specified as such in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in the Relevant Adjustment Provisions;

**"Knock-in Period Beginning Date"** means the date specified as such in the applicable Final Terms or, if the Knock-in Period Beginning Date Day Convention is specified as applicable in the applicable Final Terms and such date is not a Scheduled Trading Day (in the case of Index Securities (other than Custom Index Securities), Share Securities, ETI Securities, Futures Securities, Debt Securities or Currency Securities), a Commodity Business Day (in the case of Commodity Securities), a Scheduled Custom Index Business Day (in the case of Custom Index Securities) or Business Day (in the case of other Notes), the next following Scheduled Trading Day, Commodity Business Day, Scheduled Custom Index Business Day or Business Day, as the case may be;

**"Knock-in Period Ending Date"** means the date specified as such in the applicable Final Terms or, if the Knock-in Period Ending Date Day Convention is specified as applicable in the applicable Final Terms and such date is not a Scheduled Trading Day (in the case of Index Securities (other than Custom Index Securities), Share Securities, ETI Securities, Futures Securities, Debt Securities or Currency Securities), a Commodity Business Day (in the case of Commodity Securities), a Scheduled Custom Index Business Day (in the case of Custom Index Securities) or a Business Day (in the case of other Notes), the next following Scheduled Trading Day, Commodity Business Day, Scheduled Custom Index Business Day or Business Day, as the case may be;

**"Knock-in Range Level"** means the range of Levels specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in the Relevant Adjustment Provisions;

**"Knock-in Valuation Time"** means the time or period of time on any Knock-in Determination Day specified as such in the applicable Final Terms or in the event that the applicable Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time;

**"Knock-out Determination Day"** means the dates specified as such in the applicable Final Terms;

**"Knock-out Determination Period"** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date;

**"Knock-out Event"** means:

- (a) (in respect of a single Underlying Reference) that the Level determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day is; or
- (b) (in respect of a Basket of Underlying References) that the amount determined by the Calculation Agent equal to the sum of the values of each Underlying References as the product of (x) the Level of such Underlying Reference as determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day and (y) the relevant Weighting is,

(A) "greater than", "greater than or equal to", "less than" or "less than or equal to" the Knock-out Level or, if applicable, (B) "within" the Knock-out Range Level, in each case, as specified in the applicable Final Terms;

**"Knock-out Level"** means the level, price, amount, number or percentage specified as such in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in the Relevant Adjustment Provisions;

**"Knock-out Period Beginning Date"** means the date specified as such in the applicable Final Terms or, if the Knock-out Period Beginning Date Day Convention is specified as applicable in the applicable Final Terms and such date is not a Scheduled Trading Day (in the case of Index Securities (other than Custom Index Securities), Share Securities, ETI Securities, Futures Securities, Debt Securities or Currency Securities), a Commodity Business Day (in the case of Commodity Securities) or a Scheduled Custom Index Business Day (in the case of Custom Index Securities) or Business Day (in the case of other Notes), the next following Scheduled Trading Day, Commodity Business Day, Scheduled Custom Index Business Day or Business Day, as the case may be;

**"Knock-out Period Ending Date"** means the date specified as such in the applicable Final Terms or, if the Knock-out Period Ending Date Day Convention is specified as applicable in the applicable Final Terms and such date is not a Scheduled Trading Day (in the case of Index Securities (other than Custom Index Securities), Share Securities, ETI Securities, Futures Securities, Debt Securities or Currency Securities), a Commodity Business Day (in the case of Commodity Securities), a Scheduled Custom Index Business Day (in the case of Custom Index Securities), or Business Day (in the case of other Notes), the next following Scheduled Trading Day, Commodity Business Day, Scheduled Custom Index Business Day or Business Day, as the case may be;

**"Knock-out Range Level"** means the range of Levels specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in the Relevant Adjustment Provisions;

**"Knock-out Valuation Time"** means the time or period of time on any Knock-out Determination Day specified as such in the applicable Final Terms or in the event that the applicable Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time;

**"Level"** means, for the purposes of this Condition 10, (a) in the case of Share Securities, ETI Securities and Futures Securities, the price of the relevant Underlying Reference, (b) in the case of Index Securities and Custom Index Securities, the level of the relevant Underlying Reference, (c) in the case of Commodity Securities, the Relevant Price, or (d) in the case of Currency Securities, the spot rate of exchange for the exchange of the Subject Currency into the Base Currency (expressed as the number of units (or part units) of such Subject Currency for which one unit of the Base Currency can be exchanged), in each case determined by the Calculation Agent as of the Knock-in Valuation Time or Knock-out Valuation Time on any Knock-in Determination Day or Knock-out Determination Day, as applicable;

**"Relevant Adjustment Provisions"** means:

- (a) in the case of Index Securities, Index Security Condition 2 (*Market Disruption*) and Index Security Condition 3 (*Adjustments to an Index*);
- (b) in the case of Custom Index Securities, Index Security Condition 6 (*Adjustments to a Custom Index and Custom Index Disruption*);
- (c) in the case of Share Securities, Share Security Condition 2 (*Market Disruption*), Share Security Condition 3 (*Potential Adjustment Events*) and Share Security Condition 4 (*Extraordinary Events*);
- (d) in the case of ETI Securities, ETI Security Condition 2 (*Market Disruption*) and ETI Security Condition 3 (*Potential Adjustment Events*);

- (e) in the case of Commodity Securities, Commodity Security Condition 2 (*Market Disruption*) and Commodity Security Condition 3 (*Consequences of a Market Disruption Event and Disruption Fallbacks*);
- (f) in the case of Currency Securities, Currency Security Condition 2 (*Disruption Events*) and Currency Security Condition 3 (*Consequences of a Disruption Event*);
- (g) in the case of Futures Securities, Futures Security Condition 3 (*Adjustments to a Future*); and
- (h) in the case of Debt Securities, Debt Security Condition 3 (*Market Disruption*), Debt Security Condition 4 (*Correction of Debt Instrument Price*) and Debt Security Condition 5 (*Redemption or Cancellation of a Debt Instrument*); and

**"Underlying Reference"** means, for the purposes of this Condition 10, each Index, Custom Index, Share, Debt Instrument, ETI Interest, Commodity, Commodity Index, Subject Currency, Future or other basis of reference to which the relevant Notes relate.

## 11. AUTOMATIC EARLY REDEMPTION EVENT

11.1 If "Automatic Early Redemption" is specified as applicable in the applicable Final Terms, then unless previously redeemed or purchased and cancelled, if on (i) any Automatic Early Redemption Valuation Date or (ii) in respect of an Automatic Early Redemption Valuation Period, as specified in the applicable Final Terms, an Automatic Early Redemption Event occurs, then the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date at an amount equal to the relevant Automatic Early Redemption Amount.

### 11.2 Definitions

**"Automatic Early Redemption Amount"** means, in respect of each nominal amount of Notes equal to the Calculation Amount, the amount specified in the applicable Final Terms or if not set out an amount equal to the product of (i) the sum of the relevant Automatic Early Redemption Percentage and the Calculation Amount and (ii) the relevant Automatic Early Redemption Rate relating to that Automatic Early Redemption Date provided that, if the resultant figure is zero, no amount shall be payable on the redemption of the Notes pursuant to this Condition;

**"Automatic Early Redemption Date"** means each date specified as such in the applicable Final Terms, or if such date is not a Business Day, the next following Business Day, and no Noteholder shall be entitled to any interest or further payment in respect of such delay;

**"Automatic Early Redemption Event"** means:

- (a) in respect of a Single Underlying Reference, the Underlying Reference Level is; or "greater than", "greater than or equal to", "less than" or "less than or equal to" the Automatic Early Redemption Level specified in the applicable Final Terms;
- (b) in respect of a Basket, the Basket Price is, (aa) "greater than", (bb) "greater than or equal to", (cc) "less than" or (dd) "less than or equal to" the Automatic Early Redemption Level as specified in the applicable Final Terms;

**"Automatic Early Redemption Level"** means the level, price, amount, number or percentage specified as such in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in the Relevant Adjustment Provisions, as applicable;

**"Automatic Early Redemption Percentage"** means the percentage specified as such in the applicable Final Terms;

**"AER Automatic Early Redemption Rate"** means the rate specified as such or determined in the manner set out in the applicable Final Terms;



**"Automatic Early Redemption Valuation Date"** means each date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day (in the case of Index Securities (other than Custom Index Securities), Share Securities, Debt Securities, Futures Securities or ETI Securities), a Scheduled Custom Index Business Day (in respect of Custom Index Securities), a Commodity Business Day (in respect of Commodity Securities) or Business Day (in the case of other Notes), as applicable, the next following Scheduled Trading Day, Scheduled Custom Index Business Day, Commodity Business Day or Business Day, as applicable, unless, in the case of Index Securities, Share Securities, Commodity Securities, Debt Securities, Futures Securities or ETI Securities, in the opinion of the Calculation Agent, any such day is a Disrupted Day (in the case of Index Securities (other than Custom Index Securities), Share Securities, Debt Securities, Futures Securities or ETI Securities), a Custom Index Disruption Event is occurring on such day (in respect of Custom Index Securities) or a Market Disruption Event is occurring on such day (in respect of Commodity Securities). If any such day is a Disrupted Day, a day on which a Custom Index Disruption Event is occurring or (except in the case of Commodity Securities) a day on which a Market Disruption Event is occurring, as applicable, then the corresponding provisions in the definition of "Valuation Date" shall apply *mutatis mutandis* as if references in such provisions to "Valuation Date" were to "Automatic Early Redemption Valuation Date" or (in the case of Commodity Securities) if any such day is a day on which a Market Disruption Event is occurring, then the provisions of "Pricing Date" shall apply *mutatis mutandis* as if references in such provision to "Pricing Date" were to "Automatic Early Redemption Valuation Date". For the purposes of the Relevant Adjustment Provisions, any references to "Valuation Date" shall be deemed to refer to "Automatic Early Redemption Valuation Date";

**"Automatic Early Redemption Valuation Period"** means the period (if any) specified as such in the applicable Final Terms;

**"Automatic Early Redemption Valuation Time"** means the time specified as such in the applicable Final Terms;

**"Basket of Underlying References"** means, for the purposes of this Condition 11, the Basket of Indices, Basket of Shares, ETI Basket, Basket of Debt Instruments, Basket of Commodities, Basket of Futures or other basis of reference to which the value of the relevant Notes may relate, as specified in the applicable Final Terms;

**"Basket Price"** means, in respect of any Automatic Early Redemption Valuation Date, an amount determined by the Calculation Agent equal to the sum of the values for each Underlying Reference comprising the Basket as the product of (a) the Underlying Reference Level of such Underlying Reference on such Automatic Early Redemption Valuation Date and (b) the relevant Weighting;

**"Relevant Adjustment Provisions"** means:

- (a) in the case of Index Securities, Index Security Condition 2 (*Market Disruption*) and Index Security Condition 3 (*Adjustments to an Index*);
- (b) in the case of Custom Index Securities, Index Security Condition 6 (*Adjustments to a Custom Index and Custom Index Disruption*);
- (c) in the case of Share Securities, Share Security Condition 2 (*Market Disruption*), Share Security Condition 3 (*Potential Adjustment Events*) and Share Security Condition 4 (*Extraordinary Events*);
- (d) in the case of ETI Securities, ETI Security Condition 2 (*Market Disruption*) and ETI Security Condition 3 (*Potential Adjustment Events*);
- (e) in the case of Commodity Securities, Commodity Security Condition 2 (*Market Disruption*), Commodity Security Condition 3 (*Consequences of a Market Disruption Event and Disruption Fallbacks*) and Commodity Security Condition 4 (*Adjustments to a Commodity Index*);
- (f) in the case of Currency Securities, Currency Security Condition 3 (*Consequences of a Disruption Event*);

- (g) in the case of Futures Securities, Futures Security Condition 3 (*Adjustments to a Future*); and
- (h) in the case of Debt Securities, Debt Security Condition 3 (*Market Disruption*), Debt Security Condition 4 (*Correction of Debt Instrument Price*) and Debt Security Condition 5 (*Redemption or Cancellation of a Debt Instrument*);

"**Underlying Reference**" means, for the purposes of this Condition 11, each Index, Custom Index, Share, ETI Interest, Debt Instrument, Commodity, Commodity Index, Subject Currency, Future or other basis of reference to which the relevant Notes relate; and

"**Underlying Reference Level**" means, in respect of any Automatic Early Redemption Valuation Date, (a) in the case of Share Securities, ETI Securities and Futures Securities, the price of the relevant Underlying Reference, (b) in the case of Index Securities and Custom Index Securities, the level of the relevant Underlying Reference, (c) in the case of Commodity Securities, the Relevant Price, (d) in the case of Currency Securities, the spot rate of exchange for the exchange of the Subject Currency into the Base Currency (expressed as the number of units (or part units) of such Subject Currency for which one unit of the Base Currency can be exchanged), (e) in the case of an Inflation Index, the Relevant Level, in each case, as determined by the Calculation Agent as of the Automatic Early Redemption Valuation Time on such Automatic Early Redemption Valuation Date.

## 12. DEFINITIONS

"**Averaging Date**" means:

- (a) in the case of Index Securities (other than Index Securities relating to a Custom Index or Basket of Custom Indices (each as defined in Annex 1)), Share Securities, ETI Securities, Futures Securities or Debt Securities, each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day, then:
  - (i) if "Omission" is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant value, level, price or amount provided that, if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
  - (ii) if "Postponement" is specified as applying in the applicable Final Terms, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant value, level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
  - (iii) if "Modified Postponement" is specified as applying in the applicable Final Terms then:
    - (A) where the Notes are Index Securities relating to a single Index (other than a single Component Security Index), Share Securities relating to a single Share, ETI Securities relating to a single ETI Interest or Futures Securities relating to a single Future, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date then (I) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an

Averaging Date), and (II) the Calculation Agent shall determine the relevant value, level price or amount for that Averaging Date in accordance with subparagraph (a)(i) of the definition of "Valuation Date" below; and

- (B) where the Notes are Index Securities relating to a single Component Security Index, the Calculation Agent shall determine the relevant level for the Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of "Valuation Date" below and the Averaging Date shall be deemed to be the earliest date on which the Calculation Agent determines the level of the Component Security Index in accordance with the provisions of sub-paragraph (a)(ii) of the definition of "Valuation Date" below;
  - (C) where the Notes are Index Securities relating to a Basket of Indices (other than a Basket of Component Security Indices), Share Securities relating to a Basket of Shares or ETI Securities relating to an ETI Basket or Futures Securities relating to a Basket of Futures, the Averaging Date for each Index, Share or ETI Interest not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the "**Scheduled Averaging Date**") and the Averaging Date for each Index, Share, ETI Interest or Future affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Index, Share, ETI Interest or Future. If the first succeeding Valid Date in relation to such Index, Share, ETI Interest or Future has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date then (I) that last such consecutive Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date) in respect of such Index, Share, ETI Interest or Future and (II) the Calculation Agent shall determine the relevant value, level, price or amount for that Averaging Date in accordance with subparagraph (a)(iii) of the definition of "Valuation Date" below; or
  - (D) where the Notes are Index Securities relating to a Basket of Component Security Indices, the Averaging Date for each Component Security Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Averaging Date, and for each Component Security Index affected (an "**Affected Item**") by the occurrence of a Disrupted Day, the Calculation Agent shall determine the level of the Component Security Index in accordance with the provisions of sub-paragraph (a)(iv) of the definition of "Valuation Date" below and the Averaging Date shall be deemed to be the earliest date on which the Calculation Agent determines the level of the Component Security Index in accordance with the provisions of sub-paragraph (a)(iv) of the definition of "Valuation Date" below; or
- (b) in the case of Commodity Securities, each date specified as such in the applicable Final Terms or, if any such date is not a Commodity Business Day, the immediately following Commodity Business Day unless, in the opinion of the Calculation Agent any such day is a day on which a Market Disruption Event has occurred or is continuing, in which case the provisions of Commodity Security Condition 3 (*Consequences of a Market Disruption Event and Disruption Fallbacks*) shall apply.

"**Account Information Cut-off Date**" has the meaning given to such term in Condition 4(c).

"**Commodity Exchange Act**" means the United States Commodity Exchange Act of 1936, as amended;

"**Disrupted Amount**" has the meaning given to such term in Condition 4(a).

"**Disrupted Payment Date**" has the meaning given to such term in Condition 4(a).

**"Dual Exchange Rate Event"** has the meaning given to such term in Condition 4(c).

**"FX Disruption Event"** has the meaning given to such term in Condition 4(c).

**"FX Disruption Notice"** has the meaning given to such term in Condition 4(c).

**"FX Settlement Disruption Currency"** is as defined in Condition 4(a)(ii).

**"FX Settlement Disruption Cut-off Date"** is as defined in Condition 4(a)(ii).

**"FX Settlement Disruption Event"** is as defined in Condition 4(a)(ii).

**"FX Settlement Disruption Exchange Rate"** is as defined in Condition 4(a)(ii).

**"FX Settlement Disruption Notice"** is as defined in Condition 4(a)(ii).

**"Illiquidity Disruption"** has the meaning given to such term in Condition 4(c).

**"Inconvertibility Event"** has the meaning given to such term in Condition 4(c).

**"Issuer Account Information Notice"** has the meaning given to such term in Condition 4(c).

**"Non-Transferability Event"** has the meaning given to such term in Condition 4(c).

**"Noteholder Account Information Notice"** has the meaning given to such term in Condition 4(c).

**"Observation Date"** means each date specified as an Observation Date in the applicable Final Terms or if any such date is not a Scheduled Trading Day (in the case of Index Securities (other than Index Securities relating to a Custom Index or Basket of Custom Indices), Share Securities, ETI Securities, Futures Securities or Debt Securities) or Commodity Business Day (in the case of Commodity Securities), the immediately following Scheduled Trading Day or Commodity Business Day, as applicable. The provisions contained in the definition of "Averaging Date" shall apply if any such day is a Disrupted Day or, in the case of Commodity Securities, a day on which a Market Disruption Event has occurred or is continuing, *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Observation Date" unless Observation Day Disruption Consequences is specified as not applicable in the applicable Final Terms, in which case such date will be an Observation Date notwithstanding the occurrence of a Disrupted Day and (i) in the case of Index Securities (other than Index Securities relating to a Custom Index or Basket of Custom Indices), Share Securities, ETI Securities, Futures Securities or Debt Securities, the provisions of (a)(i)(B), (a)(ii), (a)(iii)(B) or (a)(iv), as applicable, of the definition of "Valuation Date" will apply for the purposes of determining the relevant value, level, price or amount on such Observation Date as if such Observation Date were a Valuation Date that was a Disrupted Day or (ii) in the case of Commodity Securities the provisions of Commodity Security Condition 3 (*Consequences of a Market Disruption Event and Disruption Fallbacks*) will apply.

**"Observation Period"** means the period specified as the Observation Period in the applicable Final Terms.

**"Postponed DE Payment Date"** has the meaning given to such term in Condition 4(c).

**"Price Materiality Event"** means that, in respect of the determination of any Settlement Currency Exchange Rate, the Calculation Agent determines that the rate derived at the relevant time from the source specified in the Final Terms differs from the rate that would be derived at the relevant time from a source that the Calculation Agent deems, acting in good faith and in a commercially reasonable manner having taken into account any relevant market practice, to be equivalent, by more than 3 per cent.

**"Reference Jurisdiction"** has the meaning given to such term in Condition 4(c).

**"Regulation S"** means Regulation S under the Securities Act.

**"Relevant Currency"** is as defined in Condition 4(a)(ii).

**"Scheduled Closing Time"** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours subject, in respect of Index Securities, to subparagraphs (b) and (c) of the definition of Valuation Time, and subject, in respect of Share Securities, to subparagraph (c) of the definition of Valuation Time.

**"Scheduled Strike Date"** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been the Strike Date.

**"Securities Act"** means the United States Securities Act of 1933, as amended.

**"Settlement Currency"** means the currency specified as such in the applicable Final Terms or, if no such currency is specified, the Specified Currency.

**"Settlement Currency Exchange Rate"** means in respect of a Settlement Currency Exchange Rate Observation Date, the rate of exchange (including any rates of exchange pursuant to which the relevant rate of exchange is derived) between the currencies and from the source(s) and at the time in each case specified in the applicable Final Terms on such day, as determined by the Calculation Agent, provided that if any source specified in the applicable Final Terms is not available or the Calculation Agent determines that there has been a Price Source Materiality Event, any such rate of exchange may be determined by the Calculation Agent by reference to such sources as it, any such rate of exchange may be determined by the Calculation Agent by reference to such sources as it, in its sole discretion, acting in good faith and in a commercially reasonable manner having taken into account any relevant market practice, considers to be appropriate.

**"Settlement Currency Exchange Rate Observation Date"** means the date falling the number of Business Days specified in the applicable Final Terms prior to the relevant scheduled payment date in respect of the Notes.

**"SIS"** means SIX SIS Ltd., Olten, Switzerland.

**"Specified Currency Amount"** has the meaning given to such term in Condition 4(c).

**"Specified Exchange Rate"** means the rate of exchange specified in the applicable Final Terms.

**"Specified Maximum Days of Disruption"** means (other than with respect to Commodity Securities, Custom Index Securities and Currency Securities) eight Scheduled Trading Days or such other number of Scheduled Trading Days specified in the applicable Final Terms, with respect to Currency Securities, five Scheduled Trading Days, with respect to Custom Index Securities, twenty Custom Index Business Days and with respect to Commodity Securities, five Commodity Business Days.

**"Strike Date"** means,

- (a) in the case of Index Securities (other than Index Securities relating to a Custom Index or Basket of Custom Indices), Share Securities, ETI Securities, Futures Securities or Debt Securities, the Strike Date specified in the applicable Final Terms, or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If any such day is a Disrupted Day, then:
  - (i) where the Notes are Index Securities relating to a single Index (other than a Component Security Index), Share Securities relating to a single Share, ETI Securities relating to a single ETI Interest, Debt Securities relating to a single Debt Instrument or Futures Securities relating to a single Future, the Strike Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Strike Date is a Disrupted Day. In that case, (i) the last such

consecutive Scheduled Trading Day shall be deemed to be the Strike Date, notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall determine the relevant level or price:

- (A) in the case of Index Securities, by determining the level of the Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the last such Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the last such consecutive Scheduled Trading Day); or
  - (B) in the case of Share Securities, ETI Securities, Futures Securities or Debt Securities, in accordance with its good faith estimate of the relevant value, level, price or amount as of the Valuation Time on the last such consecutive Scheduled Trading Day; or
- (ii) where the Notes are Index Securities relating to a single Component Security Index, the Calculation Agent shall determine the relevant level for such Component Security Index using the formula for and method of calculating such Component Security Index last in effect prior to the occurrence of the first Disrupted Day using:
  - (A) in respect of each Component Security not affected by a Market Disruption Event on the Scheduled Strike Date, the exchange traded or quoted price of such Component Security as of the Valuation Time on the Scheduled Strike Date; and
  - (B) in respect of each Component Security affected (each, an "**Affected Component Security**") by a Market Disruption Event on the Scheduled Strike Date, the exchange traded or quoted price for each Affected Component Security on the first succeeding Scheduled Trading Day on which no Market Disruption Event occurs or is continuing with respect to the Affected Component Security, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Strike Date is a day on which a Market Disruption Event occurs or is continuing with respect to the Affected Component Security, in which case, the Calculation Agent shall determine the value, amount, level or price of such Affected Component Security using its good faith estimate of the value, amount, level or price of the relevant Affected Component Security as of the Valuation Time on the last such consecutive Scheduled Trading Day; and
- the Strike Date shall be deemed to be the earliest date on which the Calculation Agent determines the level of the Component Security Index in accordance with the above provisions; or
- (iii) where the Notes are Index Securities relating to a Basket of Indices (other than a Basket of Component Security Indices), Share Securities relating to a Basket of Shares, ETI Securities relating to an ETI Basket or Debt Securities relating to a Basket of Debt Instruments or Futures Securities relating to a Basket of Futures, the Strike Date for each Index, Share, ETI Interest, Debt Instrument or Future, as the case may be, not affected by the occurrence of a Disrupted Day shall be the Scheduled Strike Date and the Strike Date for each Index, ETI Interest, Share, Debt Instrument or Future affected, as the case may be (each an "**Affected Item**"), by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Strike Date is a Disrupted Day relating to the Affected Item. In that case, (A) the last such consecutive Scheduled Trading Day shall be deemed to be the Strike Date for

the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (B) the Calculation Agent shall determine the relevant level or price using, in relation to the Affected Item:

- (A) in the case of an Index, the level of that Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the last such consecutive Scheduled Trading Day); or
  - (B) in the case of a Share, ETI Interest, Debt Instrument or Future, its good faith estimate of the value, level price or amount for the Affected Item as of the Valuation Time on the last such consecutive Scheduled Trading Day; or
- (iv) where the Notes are Index Securities relating to a Basket of Component Security Indices, the Strike Date for each Component Security Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Strike Date, and for each Component Security Index affected (each, an "**Affected Item**") by the occurrence of a Disrupted Day, the Calculation Agent shall determine the level of that Component Security Index using the formula for and method of calculating that Component Security Index last in effect prior to the occurrence of the first Disrupted Day, using:
- (A) in respect of each Component Security not affected by a Market Disruption Event on the Scheduled Strike Date, the exchange traded or quoted price of such Component Security as of the Valuation Time on the Scheduled Strike Date; and
  - (B) in respect of each Component Security affected (each, an "**Affected Component Security**") by a Market Disruption Event on the Scheduled Strike Date, the exchange traded or quoted price for each Affected Component Security on the first succeeding Scheduled Trading Day on which no Market Disruption Event occurs or is continuing with respect to the Affected Component Security, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Strike Date is a day on which a Market Disruption Event occurs or is continuing with respect to the Affected Component Security, in which case, the Calculation Agent shall determine the value, amount, level or price of such Affected Component Security using its good faith estimate of the value, amount, level or price of the relevant Affected Component Security as of the Valuation Time on the last such consecutive Scheduled Trading Day; and

the Strike Date shall be deemed to be the earliest date on which the Calculation Agent determines the level of the Component Security Index in accordance with the above provisions; or

- (b) in the case of Commodity Securities, the Initial Pricing Date.

"**Strike Day**" means each date specified as such in the applicable Final Terms and, if Averaging Date Consequences are specified as applicable in the applicable Final Terms, the provisions contained in the definition of "Averaging Date" shall apply *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Strike Day".

"**Strike Period**" means the period specified as such in the applicable Final Terms.

"**Unscheduled Holiday**" has the meaning given to such term in Condition 4(c).

"**U.S. person**" means a person who is (i) a "U.S. person" as defined in Regulation S under the Securities Act; or (ii) a person other than a "Non-United States person" as defined in Rule 4.7 under the Commodity Exchange Act; or (iii) a "U.S. person" as defined in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the CFTC; or (iv) any other "U.S. person" as such term may be defined in Regulation S or in regulations or guidance adopted under the Commodity Exchange Act.

"**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is deemed not to occur.

"**Valuation Date**" means:

- (a) in the case of Index Securities (other than Index Securities relating to a Custom Index or Basket of Custom Indices), Share Securities, ETI Securities, Futures Securities or Debt Securities, the Interest Valuation Date and/or the Redemption Valuation Date, as the case may be, specified in the applicable Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:
  - (i) where the Notes are Index Securities relating to a single Index (other than a Component Security Index), Share Securities relating to a single Share, ETI Securities relating to a single ETI Interest, Futures Securities relating to a single Future or Debt Securities relating to a single Debt Instrument, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (A) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (B) the Calculation Agent shall determine the relevant value, level, price or amount:
    - (A) in the case of Index Securities, by determining the level of the Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the last such Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the last such consecutive Scheduled Trading Day); or
    - (B) in the case of Share Securities, ETI Securities, Debt Securities or Futures Securities, in accordance with its good faith estimate of the relevant value, level, price or amount as of the Valuation Time on the last such consecutive Scheduled Trading Day; or
  - (ii) where the Notes are Index Securities relating to a single Component Security Index, the Calculation Agent shall determine the relevant level for such Component Security Index using the formula for and method of calculating such Component Security Index last in effect prior to the occurrence of the first Disrupted Day using:
    - (A) in respect of each Component Security not affected by a Market Disruption Event on the Scheduled Valuation Date, the exchange traded or quoted price of such Component Security as of the Valuation Time on the Scheduled Valuation Date; and
    - (B) in respect of each Component Security affected (each, an "**Affected Component Security**") by a Market Disruption Event on the Scheduled Valuation Date, the exchange traded or quoted price for each Affected Component Security on the first succeeding Scheduled Trading Day on



which no Market Disruption Event occurs or is continuing with respect to the Affected Component Security, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a day on which a Market Disruption Event occurs or is continuing with respect to the Affected Component Security, in which case, the Calculation Agent shall determine the value, amount, level or price of such Affected Component Security using its good faith estimate of the value, amount, level or price of the relevant Affected Component Security as of the Valuation Time on the last such consecutive Scheduled Trading Day; and

the Valuation Date shall be deemed to be the earliest date on which the Calculation Agent determines the level of the Component Security Index in accordance with the above provisions; or

- (iii) where the Notes are Index Securities relating to a Basket of Indices (other than a Basket of Component Security Indices), Share Securities relating to a Basket of Shares, ETI Securities relating to an ETI Basket, Futures Securities relating to a Basket of Futures or Debt Securities relating to a Basket of Debt Instruments, the Valuation Date for each Index, Share, ETI Interest, Debt Instrument or Future, as the case may be, not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index, Share, ETI Interest, Debt Instrument or Future affected, as the case may be (each an "**Affected Item**"), by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case, (A) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (B) the Calculation Agent shall determine the relevant value, level or price using, in relation to the Affected Item, the value, level, price or amount as applicable, determined using:
  - (A) in the case of an Index, the level of that Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the last such consecutive Scheduled Trading Day); or
  - (B) in the case of a Share, ETI Interest, Debt Instrument or Future, its good faith estimate of the value, level, price or amount for the Affected Item as of the Valuation Time on the last such consecutive Scheduled Trading Day; and
- (iv) where the Notes are Index Securities relating to a Basket of Component Security Indices, the Valuation Date for each Component Security Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and for each Component Security Index affected (each, an "**Affected Item**") by the occurrence of a Disrupted Day, the Calculation Agent shall determine the level of that Component Security Index using the formula for and method of calculating that Component Security Index last in effect prior to the occurrence of the first Disrupted Day, using:
  - (A) in respect of each Component Security not affected by a Market Disruption Event on the Scheduled Valuation Date, the exchange traded or quoted price of such Component Security as of the Valuation Time on the Scheduled Valuation Date; and

- (B) in respect of each Component Security affected (each, an "**Affected Component Security**") by a Market Disruption Event on the Scheduled Valuation Date, the exchange traded or quoted price for each Affected Component Security on the first succeeding Scheduled Trading Day on which no Market Disruption Event occurs or is continuing with respect to the Affected Component Security, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a day on which a Market Disruption Event occurs or is continuing with respect to the Affected Component Security, in which case, the Calculation Agent shall determine the value, amount, level or price of such Affected Component Security using its good faith estimate of the value, amount, level or price of the relevant Affected Component Security as of the Valuation Time on the last such consecutive Scheduled Trading Day; and

the Valuation Date shall be deemed to be the earliest date on which the Calculation Agent determines the level of the Component Security Index in accordance with the above provisions; or

- (b) in the case of Commodity Securities, the Final Pricing Date,

and otherwise in accordance with the above provisions.

"**Valuation Time**" means:

- (a) the Valuation Time specified in the applicable Final Terms; or
- (b) if not set out in the applicable Final Terms, in the case of Index Securities relating to a Composite Index, unless otherwise specified in the applicable Final Terms, (i) for the purposes of determining whether a Market Disruption Event has occurred (A) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (B) in respect of any options contracts or futures contracts on such Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of such Index is calculated and published by the Index Sponsor; or
- (c) if not set out in the applicable Final Terms, in the case of Index Securities relating to Indices other than Composite Indices, Share Securities or ETI Securities, unless otherwise specified in the applicable Final Terms, the Scheduled Closing Time on the relevant Exchange on the relevant Strike Date, Valuation Date, Observation Date or Averaging Date, as the case may be, in relation to each Index, Share or ETI Interest to be valued, provided that if the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

### **13. PRESCRIPTION**

Claims for payment of principal in respect of the Notes shall be prescribed upon the expiry of 10 years from the due date thereof and claims for payment of interest (if any) in respect of the Notes shall be prescribed upon the expiry of five years, from the due date thereof.

### **14. REPLACEMENT OF NOTES**

If any Certificated Note (including any Certificated Notes represented by a Global Note) is mutilated, defaced, stolen, destroyed or lost it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of the costs incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may require. Mutilated or defaced Notes must be surrendered before replacements will be issued. Cancellation and replacement of Notes shall be subject to compliance with such procedures as may be required under any applicable law and subject to any applicable stock exchange requirements.

## **15. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the Issue Date, the Issue Price, the amount and date of the first interest payment thereon (if any) and/or the date from which interest starts to accrue (if any), such further notes being consolidated with and forming a single series with the Notes.

## **16. NOTICES**

- 16.1 All notices regarding Notes, both Certificated and Uncertificated Notes, will be valid if published on the website of BNPP at the following address [www.bnpparibasmarkets.ch](http://www.bnpparibasmarkets.ch) or any other website specified in the applicable Final Terms. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first such publication.
- 16.2 All notices regarding Notes listed on the SIX Swiss Exchange to be made to Noteholders will also be given through the online information system of the SIX Swiss Exchange, by publishing on the SIX Swiss Exchange's website ([http://www.six-exchange-regulation.com/publications/published\\_notifications/official\\_notices\\_en.html](http://www.six-exchange-regulation.com/publications/published_notifications/official_notices_en.html)) as provided for in the rules of the SIX Swiss Exchange. In addition, any such notice may be published in any other manner provided for by the rules of the SIX Swiss Exchange.
- 16.3 Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent. Whilst any Notes are represented by a Global Note, such notice may be given by a Noteholder to the Principal Paying Agent via SIS, in such manner as the Principal Paying Agent and SIS may approve for this purpose.
- 16.4 All notices given to Noteholders (irrespective of how given) shall also be delivered in writing to SIS and, in the case of listed Notes, to the SIX Swiss Exchange.

## **17. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER**

### **17.1 English Law Notes**

The Note Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes or any provisions of the Note Agency Agreement. Such a meeting may be convened by the Issuer, the Guarantor or Noteholders holding not less than 5 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes (including modifying the date of maturity of the Notes or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes), the necessary quorum for passing an Extraordinary Resolution at either (i) a duly convened meeting, will be one or more persons holding or representing not less than two-thirds, or at any such adjourned meeting not less than one-third, in nominal amount of the Notes for the time being outstanding or (ii) consent given by way of electronic consents through the relevant clearing system(s) will be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution. Extraordinary Resolutions may also be passed in writing if signed by holders of not less than 90 per cent in nominal amount of the Notes.

The Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders to:

- (a) any modification of the Notes or the Note Agency Agreement which is not materially prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes or the Note Agency Agreement which is of a formal, minor or technical nature or to cure, correct or supplement any defective provision or is made to cure, correct or supplement a manifest or proven error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 16 as soon as practicable thereafter.

## 17.2 French Law Notes

If the relevant Final Terms specify that Noteholders will be grouped automatically for the defence of their common interests constituting a separate legal body called *masse* (the **Masse**) the *Masse* will be governed by the provisions of Articles L.228-46 *et seq* of the French *Code de commerce* subject to the provisions of sub-paragraph (a) below.

If the relevant Final Terms specify that Noteholders shall not be grouped in a *Masse*, a general meeting of Noteholders (the *General Meeting*) may be convened to consider some matters relating to any series of French Law Securities as provided hereunder in sub-paragraphs (b) to (e) below.

### (a) Representation

If the provisions of the *Masse* are specified as applicable in the applicable Final Terms, the below provisions will apply:

The names and addresses of the initial Representative of the *Masse* and its alternate will be set out in the relevant Final Terms. The Representative appointed in respect of the first Tranche of any Series of Notes will be the representative of the single *Masse* of all Tranches in such Series.

The Representative will be entitled to such remuneration in connection with its functions or duties as set out in the relevant Final Terms.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by another Representative. In the event of the death, retirement or revocation of appointment of the alternate Representative, an alternate will be elected by the general meeting of the Noteholders.

The place where of a General Meeting shall be held will be set out in the notice convening such General Meeting.

If the provisions of the *Masse* are specified as not applicable in the applicable Final Terms, Noteholders shall not be represented by any representative of such body.

### (b) Powers of the General Meeting

The General Meeting is empowered to deliberate on any proposal relating to any matter affecting the interests of the Noteholders of the French Law Notes and their rights, actions and benefits which now or in the future may accrue with respect to the French Law Notes, including the:

- (i) power to agree to any modification of the French Law Notes including, but not limited to a modification of any term which can affect the amount to be paid in respect of a French Law Note or the scheduled payment date, which is proposed by the Issuer;
- (ii) power to give any authority or approval which under the provisions of this Condition 17.2 is required to be given by a resolution of the General Meeting;

- (iii) power to appoint any persons (whether Noteholders or not) to a committee or committees to confer upon any such committee or committees any powers or discretions which the Noteholders could themselves exercise by a resolution of the General Meeting; and
- (iv) power to approve any contractual compromise or arrangement proposed to be made between the Issuer and the relevant Noteholders in respect of the rights of the Holders against the Issuer or against any of its property.

It is specified, however, that a General Meeting may not:

- (A) appoint any person as the representative of the Noteholders of any series for all actions intended to defend the common interests of the Noteholders, and particularly to bring any court or arbitration action or proceedings, against the Issuer or any Agent; and
- (B) agree on (a) any modification of the majority required to pass a resolution of the General Meeting, (b) any proposal relating to a change in the Issuer's corporate purpose or status, (c) any proposal for a settlement or a transaction concerning disputed rights or rights in respect of which court decisions have been handed down, or (d) proposals to merge or demerge the Issuer.

Any resolution passed at a General Meeting of the Noteholders of a series of French Law Notes, duly convened and held in accordance with the provisions of this Condition, shall be binding upon all the Noteholders of such series of French Law Notes whether present or not present at the meeting and whether or not voting and each of them shall be bound to give effect to the resolution accordingly and the passing of any resolution shall be conclusive evidence that the circumstances justify its passing.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least a fifth of the French Law Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a two-thirds majority of votes cast by Noteholders attending such General Meetings or represented thereat.

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 16 by the Issuer within 14 calendar days of the result being known provided that non-publication shall not invalidate the resolution.

(c) Convening and holding of the General Meeting

The General Meeting shall be convened by an authorised representative of the Issuer or by the liquidators or natural or physical persons performing equivalent functions during any possible winding-up or equivalent insolvency period and held, all with the same formal and deadline conditions as the shareholders' meetings of the Issuer including the provisions of Articles R. 225-66, R. 225-95, R. 225-101, R. 225-106 and R. 225-107 but excluding the provisions of Articles R. 225-72 to R. 225-74 of the French *Code de commerce*.

Any meeting unduly convened may be cancelled. However, the action to cancel this shall not be admissible when all the Noteholders of the relevant series are present or represented.

The day, time and place of the meeting and agenda of a meeting are determined at its discretion by the person convening it. However, one or more Noteholders holding at least one thirtieth of the relevant Series of French Law Notes outstanding are entitled to require that draft resolutions be placed on the agenda. Such resolutions are placed on the agenda and put to the vote by the chairman of the meeting. The meeting shall not deliberate on an item which is not placed on the agenda. The agenda for the meeting may be amended on a second convening.

The meeting shall be chaired by a representative of the Issuer.

An attendance sheet is kept for each meeting. The decisions taken at each meeting are recorded in minutes signed by the members of the committee which are entered in a special register kept at the registered office of the Issuer. The elements that must be included in the attendance sheet and the minutes are the same as with respect to the shareholders' meetings of the Issuer.

All Noteholders of the relevant series of French Law Notes are entitled to participate in the meeting or to be represented at it by the representative of their choice. Any Noteholder may vote by correspondence with the same formal and deadline conditions as the shareholders' meetings of the Issuer. Any contrary provision in the articles of association is deemed not to exist. When the quorum is calculated, only voting forms received by the Issuer before the date of the meeting in the manner and within the time limits being the same as for the shareholders' meetings of the Issuer shall be included in such calculation. Forms which do not indicate a voting intention or which express an abstention are treated as negative votes. If the articles of association of the Issuer so provide, Noteholders who participate in the meeting via video conferencing or via a telecommunications medium which permits their identification are deemed to be present for calculation of the quorum and the majority.

The rights of each Noteholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder on the second business day in Paris preceding the date set for the meeting of the relevant General Meeting at 00.00, Paris time. The voting right in General Meetings shall belong to the bare owner (*nu-propriétaire*) of the relevant French Law Notes. Each French Law Note shall confer the right to one vote.

Noteholders shall not be allowed individually to exercise control over the operations of the Issuer or to request notification of Issuer documents.

(d) Information to Noteholders

Each Noteholder will have the right, during the 15-day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of the Principal Paying Agent and at any other place specified in the notice of the General Meeting. The relevant Noteholders shall at all times have the same rights with regard to the minutes and attendance sheets of the said General Meeting.

(e) Expenses

The Issuer will pay all expenses relating to the operation of the *Masse*, including expenses relating to the calling and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

## 18. AGENTS

In acting under the Note Agency Agreement, the Agents will act solely as agents of the Issuer and Guarantor and do not assume any obligations or relationship of agency or trust to or with the Noteholders except that (without affecting the obligations of the Issuer and the Guarantor to the Noteholders, to repay Notes and pay interest thereon) funds received by the Principal Paying Agent for the payment of the principal of or interest on the Notes shall be held by it in trust for the Noteholders until the expiration of the relevant period of prescription under Condition 13. The Issuer will agree to perform and observe the obligations imposed upon it under the Note Agency Agreement. The Note Agency Agreement contains provisions for the indemnification of the Principal Paying Agent and for relief from responsibility in certain circumstances, and entitles any of them to enter into business transactions with the Issuer and any of its subsidiaries without being liable to account to the Noteholders for any resulting profit.

## 19. SUBSTITUTION

- (a) The Issuer, or any previous substituted company may, at any time, without the consent of the Noteholders, substitute for itself as principal obligor under the Notes any company (the "**Substitute**"), being the Issuer or any other company, subject to:
- (i) where the Substitute is not BNPP, BNPP unconditionally and irrevocably guaranteeing in favour of each Noteholder the performance of all obligations by the Substitute under the Notes;
  - (ii) all actions, conditions and things required to be taken, fulfilled and done to ensure that the Notes represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and being in full force and effect;
  - (iii) the Substitute becoming party to the Note Agency Agreement (unless the Substitute is already a party to the Note Agency Agreement) with any appropriate consequential amendments, as if it had been an original party to it;
  - (iv) each stock exchange on which the Notes are listed having confirmed that, following the proposed substitution of the Substitute, the Notes will continue to be listed on such stock exchange;
  - (v) if appropriate, the Substitute having appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes; and
  - (vi) the Issuer having given at least 30 days' prior notice of the date of such substitution to the Noteholders in accordance with Condition 16.
- (b) BNPP or any previous substituted company may, at any time, without the consent of the Noteholders, substitute for itself as guarantor in respect of the Notes any company (the "**Substitute BNPP Guarantor**"), being BNPP or any other company, subject to:
- (i) the creditworthiness of the Substitute BNPP Guarantor at such time being at least equal to the creditworthiness of BNPP (or of any previous substitute under this Condition), as determined by the Calculation Agent in its sole and absolute discretion by reference to, *inter alia*, the long term senior debt ratings (if any) assigned by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and/or Moody's Investors Service Ltd. and/or Fitch Ratings Limited, or any successor rating agency or agencies thereto, or such other rating agency as the Calculation Agent determines to the Substitute BNPP Guarantor or, as the case may be, to BNPP (or to any previous substitute under this Condition);
  - (ii) the Substitute BNPP Guarantor having entered into a guarantee (the "**Substitute BNPP Guarantee**") in respect of the Notes in substantially the same form as the relevant Guarantee and such other documents (if any) as may be necessary to give full effect to the substitution (the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substitute BNPP Guarantor shall undertake in favour of each Noteholder to be bound by these Terms and Conditions and the provisions of the Note Agency Agreement as fully as if the Substitute BNPP Guarantor had been named in these Terms and Conditions, the Documents and the Note Agency Agreement as the guarantor in respect of the Notes in place of BNPP (or of any previous substitute under this Condition);
  - (iii) the Substitute BNPP Guarantee and the Documents having been delivered to BNP Paribas Securities Services, Luxembourg Branch to be held by BNP Paribas Securities Services, Luxembourg Branch for so long as any Notes remain outstanding and for so long as any claim made against the Substitute BNPP

Guarantor or the Issuer by any Noteholder in relation to the Notes, the Substitute BNPP Guarantee or the Documents shall not have been finally adjudicated, settled or discharged;

- (iv) each stock exchange on which the Notes are listed having confirmed that following the proposed substitution of the Substitute BNPP Guarantor (or of any previous substitute under this Condition) it will continue to list the Notes;
- (v) if appropriate, the Substitute BNPP Guarantor having appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes or the Substitute BNPP Guarantee; and
- (vi) BNPP (or any previous substitute under this Condition) having given at least 30 days' prior notice of the date of such substitution to the Noteholders in accordance with Condition 16.

## **20. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

The English Law Notes shall not confer any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the English Law Notes, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## **21. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **21.1 English Law Notes**

- (a) The Note Agency Agreement, the Deed of Covenant, the English Law Note Guarantee, the Notes and any non-contractual obligations arising out of or in connection with the Note Agency Agreement, the Deed of Covenant, the English Law Note Guarantee, the Notes (except as aforesaid) are governed by, and shall be construed in accordance with, English law.
- (b) The Condition is for the benefit of Holders of English Law Securities only. The courts of England shall have exclusive jurisdiction to settle all disputes which may, directly or indirectly, arise out of or in connection with the Note Agency Agreement, the English Law Notes, the English Law Note Guarantee including any disputes relating to any non-contractual obligations arising out of or in connection with the Note Agency Agreement, Notes, the English Law Note Guarantee (a "**Dispute**") and accordingly each of the Issuers and the Guarantor submits and each Noteholder (by its acquisition of a Note) is deemed to submit to the exclusive jurisdiction of the English courts. For the purposes of this Condition, each of the Issuer and the Guarantor waives and each Noteholder (by its acquisition of a Note) is deemed to waive any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute. Each of the Issuer and the Guarantor irrevocably appoints BNP Paribas, London branch, currently of 10 Harewood Avenue, London NW1 6AA (Attention: the Loan Administration Department) as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of BNP Paribas, London branch being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. Each of the Issuer and the Guarantor agree that failure by a process agent to notify it of any process will not invalidate service. Nothing in these provisions shall affect the right to serve process in any other manner permitted by law.
- (c) The Issuer and the Guarantor have in the Note Agency Agreement, the English Law Note Guarantee and the Deed of Covenant submitted to the exclusive jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.
- (d) WITHOUT PREJUDICE TO CONDITION 21.1(b), EACH OF THE ISSUER AND THE GUARANTOR WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN



CONNECTION WITH THE NOTES. THESE CONDITIONS MAY BE FILED AS A WRITTEN CONSENT TO A BENCH TRIAL.

#### 21.2 French Law Notes

The French Law Notes, the French Law Agency Agreement and the BNPP French Law Guarantee are governed by, and construed in accordance with, French law, and any action or proceeding in relation thereto ("**Proceedings**") shall be submitted to the jurisdiction of the competent courts in Paris within the jurisdiction of the Paris Court of Appeal (*Cour d'Appel de Paris*). BNPP B.V. elects domicile at the registered office of BNP Paribas currently located at 16 boulevard des Italiens, 75009 Paris, France.

## TERMS AND CONDITIONS OF THE W&C SECURITIES

*The following is the text of the Terms and Conditions of the W&C Securities which will include the additional terms and conditions contained in Annex 1 in the case of Index Securities, the additional terms and conditions contained in Annex 2 in the case of Share Securities, the additional terms and conditions contained in Annex 3 in the case of ETI Securities, the additional terms and conditions contained in Annex 4 in the case of Debt Securities, the additional terms and conditions contained in Annex 5 in the case of Commodity Securities, the additional terms and conditions contained in Annex 6 in the case of Inflation Index Securities, the additional terms and conditions contained in Annex 7 in the case of Currency Securities, the additional terms and conditions contained in Annex 8 in the case of Fund Securities, the additional terms and conditions contained in Annex 9 in the case of Futures Securities, the additional terms and conditions contained in Annex 10 in the case of Credit Securities, the additional terms and conditions contained in Annex 11 in the case of OET Certificates or any other Annex which may be added from time to time, in the case of any other security linked to any other underlying reference (each, an "Annex" and, together the "Annexes") (the "Terms and Conditions"), and which, in the case of English Law Securities (as defined in Condition 1 below), will be incorporated by reference into each Permanent Global Security (as defined below). The applicable Final Terms in relation to any issue of W&C Securities may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions, replace or modify the Terms and Conditions for the purpose of such W&C Securities. In the case of English Law Securities (as defined in Condition 1 below), the applicable Final Terms (or the relevant provisions thereof) will be attached to each Permanent Global Security.*

The series of W&C Securities described in the applicable Final Terms (in so far as it relates to such series of W&C Securities) (such W&C Securities being hereinafter referred to as the "**W&C Securities**") are issued by whichever of BNP Paribas Arbitrage Issuance B.V. ("**BNPP B.V.**") or BNP Paribas ("**BNPP**") is specified as the Issuer in the applicable Final Terms (the "**Issuer**") and references to the Issuer shall be construed accordingly. W&C Securities will be either warrants ("**Warrants**") or certificates ("**Certificates**"), as specified in the applicable Final Terms, and references in these Terms and Conditions to "W&C Security", "W&C Securities", "Warrant", "Warrants", "Certificate" and "Certificates" will be construed accordingly.

The W&C Securities are issued pursuant to an Agency Agreement dated 30 September 2016 (as amended and/or supplemented from time to time, the "**Agency Agreement**") between, *inter alios*, BNPP B.V. as issuer, BNPP as issuer and (where the Issuer is BNPP B.V.) as guarantor (in such capacity, the "**Guarantor**") and BNP Paribas Securities Services, Paris, Succursale de Zurich as principal security agent (the "**Principal Security Agent**" or "**Security Agent**"). The expressions "Principal Security Agent" and "Security Agent" shall include any additional or successor security agent(s) in respect of the Securities.

BNP Paribas or BNP Paribas Arbitrage S.N.C. (as specified in the applicable Final Terms) shall undertake the duties of calculation agent (the "**Calculation Agent**") in respect of the W&C Securities as set out below and in the applicable Final Terms unless another entity is so specified as calculation agent in the applicable Final Terms. The expression "Calculation Agent" shall, in relation to the relevant W&C Securities, include such other specified calculation agent.

The Agency Agreement will be governed by English Law in the case of English Law Securities (the "**English Law Agency Agreement**") and by French Law in the case of French Law Securities (the "**French Law Agency Agreement**").

The applicable Final Terms for the W&C Securities supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, supplement, replace or modify these Terms and Conditions for the purposes of the W&C Securities. Except in the case of Uncertificated Securities, the applicable Final Terms for the W&C Securities will be attached to each Permanent Global Security.

References herein to the "applicable Final Terms" are to the Final Terms or two or more sets of Final Terms (in the case of any further W&C Securities issued pursuant to Condition 12 and forming a single series with the W&C Securities) (which, for the avoidance of doubt, may be issued in respect of more than one series of W&C Securities) insofar as they relate to the W&C Securities.

Subject as provided in Condition 4 and in the relevant Guarantee (as defined in Condition 1), where the Issuer is BNPP B.V., the obligations of BNPP B.V. with respect to physical delivery (if applicable) and/or the payment of amounts payable by BNPP B.V. are guaranteed by BNPP pursuant to the Guarantee. The original of each Guarantee is held by BNP Paribas Securities Services, Paris, Succursale de Zurich, on behalf of the Holders at its specified office.

Copies of the Agency Agreement, the Guarantees and the applicable Final Terms may be obtained from the specified office of the Principal Security Agent, save that if the W&C Securities are unlisted, the applicable Final Terms will only be obtainable by a Holder and such Holder must produce evidence satisfactory to the Principal Security Agent as to its identity.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

The Holders are entitled to the benefit of and are deemed to have notice of and are bound by all the provisions of the Agency Agreement (insofar as they relate to the W&C Securities) and the applicable Final Terms, which are binding on them.

## **1. DEFINITIONS**

For the purposes of these Terms and Conditions, the following general definitions will apply:

"**Accrual Period**" is as defined in Condition 31(c);

"**Actual/Actual (ICMA)**" is as defined in Condition 31(c);

"**Actual Exercise Date**" is as defined in Condition 20 and Condition 23.1(a);

"**Additional Disruption Event**" is as defined in Condition 15.1;

"**Adjustment Date**" is as defined in Condition 17(b);

"**Affected Item**" is as defined in this Condition 1 under the definition of Strike Date and in Condition 20 (in the case of Warrants) and Condition 27 (in the case of Certificates);

"**Affected Relevant Assets**" is as defined in Condition 15.1;

"**Affected Share**" is as defined in Condition 15.2(e);

"**Affiliate**" means in relation to any entity (the "**First Entity**"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "**control**" means ownership of a majority of the voting power of an entity;

"**Agency Agreement**" is as defined in paragraph 3 of these Terms and Conditions;

"**Alternate Cash Amount**" is as defined in Condition 5.4;

"**American Style Warrants**" is as defined in Condition 22;

"**Annex**" is as defined in paragraph 1 of these Terms and Conditions;

"**Automatic Early Redemption Amount**" is as defined in Condition 32.8;

"**Automatic Early Redemption Date**" is as defined in Condition 32.8;

"**Automatic Early Redemption Event**" is as defined in Condition 32.8 and 32.8;

"**Automatic Early Redemption Level**" is as defined in Condition 32.8;

"**Automatic Early Redemption Rate**" is as defined in Condition 32.8;

"**Automatic Early Redemption Valuation Date**" is as defined in Condition 32.8;

"**Automatic Exercise**" is as defined in Condition 22;

"**Averaging**" is as defined in Condition 22 (in the case of Warrants) and Condition 29 (in the case of Certificates);

"**Averaging Date**" is as defined in Condition 20 (in the case of Warrants) and Condition 27 (in the case of Certificates);

"**Basket Company**" is as defined in Condition 15.2(e);

"**Basket Price**" is as defined in Condition 32.8;

"**Basket of Underlying References**" is as defined in Condition 32.8;

"**BNPP**" is as defined in paragraph 2 of these Terms and Conditions;

"**BNPP B.V.**" is as defined in paragraph 2 of these Terms and Conditions;

"**Business Day**" means (a) a day (other than a Saturday or Sunday) on which (i) commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant Business Day Centre(s) (other than TARGET2 System); and (ii) on which the Intermediary is open for business; (b) if TARGET2 System is specified as a Business Day Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") is open; and (c) for the purposes of making payments in euro, any day on which the TARGET2 System is open;

"**Calculated Additional Disruption Amount**" is as defined in Condition 15.2(c)(ii);

"**Calculated Additional Disruption Amount Determination Date**" is as defined in Condition 15.2(c)(ii);

"**Calculation Agent**" is as defined in paragraph 4 of these Terms and Conditions;

"**Call Warrants**" is as defined in Condition 22;

"**Cancellation Event**" is as defined in Condition 15.1;

"**Cash Settled Certificates**" is as defined in Condition 29;

"**Cash Settled Securities**" means (a) in the case of an issue of Warrants, Cash Settled Warrants and (b) in the case of an issue of Certificates, Cash Settled Certificates;

"**Cash Settled Warrants**" is as defined in Condition 22;

"**Cash Settlement Amount**" is as defined in Condition 20 (in the case of Warrants) and Condition 27 (in the case of Certificates);

"**Certificated Securities**" means Securities represented by a Permanent Global Security as defined in Condition 2.2;

"**Certificates**" is as defined in paragraph 2 of these Terms and Conditions;

**"Change in Law"** is as defined in Condition 15.1;

**"Clearing System"** means SIS and/or any additional or alternative clearing system approved by the Issuer and the relevant Security Agent(s) from time to time and specified in the applicable Final Terms;

**"Commodity OET Certificate"** means a Commodity Security that is an OET Certificate;

**"Commodity Securities"** is as defined in Condition 2.1;

**"Coupons"** is as defined in Condition 2.2;

**"Credit Securities"** is as defined in Condition 2.1;

**"Currency Event"** is as defined in Condition 15.1;

**"Currency OET Certificate"** means a Currency Security that is an OET Certificate;

**"Currency Securities"** is as defined in Condition 2.1;

**"Cut-off Date"** is as defined in Condition 27 or as specified in the Final Terms;

**"Day Count Fraction"** is as defined in Condition 31(c);

**"Debt Securities"** is as defined in Condition 2.1;

**"Delivery Date"** is as defined in Condition 33.2(a);

**"Designated Maturity"** is as defined in Condition 31(b)(iii);

**"Determination Date(s)"** is as defined in Condition 31(c);

**"Determination Period"** is as defined in Condition 31(c);

**"Disruption Cash Settlement Price"** is as defined in Condition 5.1;

**"Distribution Compliance Period"** means the period expiring 40 days after completion of the distribution of the relevant Securities unless a longer period is specified in the applicable Final Terms. In such event, the Final Terms will specify the additional restrictions on transfer and exercise applicable to the W&C Securities;

**"Documents"** is as defined in Condition 13.2(b);

**"due exercise"** is as defined in Condition 23.4;

**"English Law Agency Agreement"** is as defined in paragraph 5 of these Terms and Conditions;

**"English Law Certificates"** is as defined in Condition 27;

**"English Law W&C Guarantee"** means a deed of guarantee dated 30 September 2016 executed by BNPP in respect of English Law W&C Securities issued by BNPP B.V.;

**"English Law Securities"** means (a) in the case of an issue of Warrants, English Law Warrants and (b) in the case of an issue of Certificates, English Law Certificates;

**"English Law Warrants"** is as defined in Condition 20;

**"Entitlement"** is as defined in Condition 20 (in the case of Warrants) and Condition 27 (in the case of Certificates);

"**Established Rate**" is as defined in Condition 17(b);

"**ETI OET Certificate**" means an ETI Security that is an OET Certificate;

"**ETI Securities**" is as defined in Condition 2.1;

"**EURIBOR**" is as defined in Condition 31(b)(iii)(C);

"**euro**" is as defined in Condition 17(b);

"**European Style Warrants**" is as defined in Condition 22;

"**exercise**" is as defined in Condition 23.4;

"**Exercise Business Day**" is as defined in Condition 20;

"**Exercise Notice**" is as defined in Condition 23.1(a) and Condition 24.1;

"**Exercise Price**" is as specified in the applicable Final Terms;

"**Expenses**" is as defined in Condition 11.2;

"**Expiration Date**" is as defined in Condition 20;

"**Failure to Deliver due to Illiquidity**" is as defined in Condition 15.1;

"**Failure to Deliver Settlement Price**" is as defined in Condition 15.2(e);

"**FBF Agreement**" is as defined in Condition 31(b)(iv);

"**FBF Rate**" is as defined in Condition 31(b);

"**Fixed Rate Certificates**" is as defined in Condition 31;

"**FISA**" means the Swiss Federal Intermediated Securities Act;

"**Floating Rate**" is as defined in Condition 31(b)(iii);

"**Floating Rate Certificates**" is as defined in Condition 31;

"**Floating Rate Option**" is as defined in Condition 31(b)(iii);

"**Force Majeure Event**" is as defined in Condition 15.1;

"**freely tradable**" is as defined in Condition 5.4;

"**French Law Agency Agreement**" is as defined in paragraph 5 of these Terms and Conditions;

"**French Law Certificates**" is as defined in Condition 27;

"**French Law Guarantee**" means the *garantie* dated 30 September 2016 executed by BNPP in respect of French Law Securities issued by BNPP B.V.;

"**French Law Securities**" means (a) in the case of Warrants, French Law Warrants and (b) in the case of Certificates, French Law Certificates;

"**French Law Warrants**" is as defined in Condition 20;

"**Fund Securities**" is as defined in Condition 2.1;

"**Futures OET Certificate**" means a Futures Security that is an OET Certificate;

"**Futures Securities**" is as defined in Condition 2.1;

"**FX Settlement Disruption Currency**" is as defined in Condition 5.6(f);

"**FX Settlement Disruption Cut-off Date**" is as defined in Condition 5.6(b)(i);

"**FX Settlement Disruption Event**" is as defined in Condition 5.6(f);

"**FX Settlement Disruption Exchange Rate**" is as defined in Condition 5.6(f);

"**FX Settlement Disruption Expenses**" is as defined in Condition 5.6(f);

"**FX Settlement Disruption Notice**" is as defined in Condition 5.6(a);

"**GDR/ADR**" is as defined in Condition 2.1;

"**General Meeting**" is as defined in Condition 9.4(b);

"**Government Authority**" is as defined in Condition 15.1;

"**Guarantee**" means (a) in the case of English Law Securities, the English Law W&C Guarantee and (b) in the case of French Law Securities, the French Law Guarantee;

"**Guaranteed Cash Settlement Amount**" is as defined in Condition 4;

"**Guarantor**" is as defined in paragraph 3 of these Terms and Conditions;

"**Hedge**" is as defined in Condition 15.1;

"**Hedging Disruption**" is as defined in Condition 15.1;

"**Hedging Shares**" is as defined in Condition 15.1;

"**Holder**" is as defined in Condition 2.2;

"**Hybrid Securities**" is as defined in Condition 2.1;

"**Increased Cost of Hedging**" is as defined in Condition 15.1;

"**Increased Cost of Stock Borrow**" is as defined in Condition 15.1;

"**Index OET Certificate**" means an Index Security that is an OET Certificate;

"**Index Securities**" is as defined in Condition 2.1;

"**Inflation Index Securities**" is as defined in Condition 2.1;

"**Initial Stock Loan Rate**" is as defined in Condition 15.1;

"**Insolvency Filing**" is as defined in Condition 15.1;

"**Interest Amount**" is as defined in Condition 31(b)(vi);

"**Interest Determination Date**" is as defined in Condition 31(b)(vi);

"**Interest Period End Date**" is as defined in Condition 31(b)(i);

"**Interest Period End Final Date**" is as defined in Condition 31(a) and Condition 31(b)(i);

"**Intermediary**" is as defined in Condition 2.2;

"**Intermediated Securities**" is as defined in Condition 2.2;

"**Intervening Period**" is as defined in Condition 33.2(b);

"**ISDA Definitions**" is as defined in Condition 31(b)(iii);

"**Issuer**" is as defined in paragraph 2 of these Terms and Conditions;

"**Jurisdiction Event**" is as defined in Condition 15.1;

"**Knock-in Determination Day**" is as defined in Condition 16.6;

"**Knock-in Determination Period**" is as defined in Condition 16.6;

"**Knock-in Event**" is as defined in Condition 16.6;

"**Knock-in Level**" is as defined in Condition 16.6;

"**Knock-in Period Beginning Date**" is as defined in Condition 16.6;

"**Knock-in Period Ending Date**" is as defined in Condition 16.6;

"**Knock-in Range Level**" is as defined in Condition 16.6;

"**Knock-in Valuation Time**" is as defined in Condition 16.6;

"**Knock-out Determination Day**" is as defined in Condition 16.6;

"**Knock-out Determination Period**" is as defined in Condition 16.6;

"**Knock-out Event**" is as defined in Condition 16.6;

"**Knock-out Level**" is as defined in Condition 16.6;

"**Knock-out Period Beginning Date**" is as defined in Condition 16.6;

"**Knock-out Period Ending Date**" is as defined in Condition 16.6;

"**Knock-out Range Level**" is as defined in Condition 16.6;

"**Knock-out Valuation Time**" is as defined in Condition 16.6;

"**Level**" is as defined in Condition 16.6;

"**LIBOR**" is as defined in Condition 31(b)(iii)(C);

"**Linked Interest Certificates**" is as defined in Condition 31;

"**Local Currency**" is as defined in Condition 15.1;

"**Local Time**" means local time in Zurich;



"**Loss of Stock Borrow**" is as defined in Condition 15.1;

"**Maximum Stock Loan Rate**" is as defined in Condition 15.1;

"**Modified Postponement**" is as defined in Condition 27;

"**National Currency Unit**" is as defined in Condition 17(b);

**Notice Period** is as defined in Conditions 32.3 and 32.4;

"**Observation Date**" is as defined in Condition 20 (in the case of Warrants) and 27 (in the case of Certificates);

"**Observation Period**" is as defined in Condition 20 (in the case of Warrants) and 27 (in the case of Certificates);

"**OET Certificate**" means W&C Securities specified as Open End Turbo Certificates in the applicable Final Terms;

"**Omission**" is as defined in Condition 27;

"**Open End Certificate**" is as defined in Condition 27;

"**Optional Additional Disruption Event**" is as defined in Condition 15.1;

"**Optional Redemption Amount**" is as defined in Conditions 32.3 and 32.4;

"**Optional Redemption Date**" is as defined in Conditions 32.3 and 32.4;

"**Optional Redemption Valuation Date**" is as defined in Conditions 32.3 and 32.4;

"**Original Currency**" is as defined in Condition 17(a)(ii);

"**Permanent Global Certificate**" is as defined in Condition 2.2;

"**Permanent Global Security**" is as defined in Condition 2.2;

"**Permanent Global Warrant**" is as defined in Condition 2.2;

"**Physical Delivery Certificates**" is as defined in Condition 29;

"**Physical Delivery Securities**" means (a) in the case of an issue of Warrants, Physical Delivery Warrants and (b) in the case of an issue of Certificates, Physical Delivery Certificates;

"**Physical Delivery Warrants**" is as defined in Condition 22;

"**Postponement**" is as defined in Condition 27;

"**Principal Security Agent**" is as defined in paragraph 3 of these Terms and Conditions;

"**Proceedings**" is as defined in Condition 14.1(b);

"**Put Notice**" is as defined in Condition 32.4;

"**Put Warrants**" is as defined in Condition 22;

"**Quota**" is as defined in Condition 25.1(b);

"**Redemption Date**" is as defined in Condition 33.1;

"**Reference Banks**" is as defined in Condition 27;

"**Regulation S**" means Regulation S under the Securities Act;

"**Related Expenses**" is as defined in Condition 11.2;

"**Relevant Adjustment Provisions**" is as defined in Condition 16.6 and 32.8;

"**Relevant Currency**" is as defined in Condition 5.6(f);

"**Relevant Intermediary**" is as defined in Condition 2.2;

"**Relevant Jurisdiction**" means the country in which (as the case may be) the Shares, the Shares relating to the depositary receipts, the ETI Interests, the Debt Instruments, the Fund or the Fund Units are issued (or in which the issuer of such Shares, ETI Interests, Debt Instruments or Fund Units is incorporated) or the Index is based, as specified in the applicable Final Terms;

"**Reset Date**" is as defined in Condition 31(d)(ii);

"**Rolling Futures Contract Securities**" means a W&C Security that is specified as such in the applicable Final Terms;

"**Scheduled Averaging Date**" is as defined in Condition 20 (in the case of Warrants) and Condition 27 (in the case of Certificates);

"**Scheduled Closing Time**" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours subject, in respect of Index Securities, to subparagraphs (b) and (c) of the definition of Valuation Time, and subject, in respect of Share Securities, to subparagraph (c) of the definition of Valuation Time;

"**Scheduled Strike Date**" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been the Strike Date;

"**Scheduled Valuation Date**" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date;

"**Securities**" is as defined in paragraph 2 of these Terms and Conditions;

"**Securities Act**" means the Securities Act of 1933, as amended;

"**Security Agent**" and "**Security Agents**" are as defined in paragraph 3 of these Terms and Conditions;

"**Security Expenses**" is as defined in Condition 11.1;

"**Settlement Business Day**" is as defined in Condition 5.1;

"**Settlement Date**" is as defined in Condition 20;

"**Settlement Disruption Event**" is as defined in Condition 5.1;

"**Share**" is as defined in Condition 15.2(e);

"**Share OET Certificate**" means a Share Security that is an OET Certificate;

"**Share Securities**" is as defined in Condition 2.1;

"**SIS**" means SIX SIS Ltd., Olten, Switzerland;

**"Specified Maximum Days of Disruption"** means (other than with respect to Custom Index Securities, Commodity Securities and Currency Securities) eight Scheduled Trading Days or such other number of Scheduled Trading Days specified in the applicable Final Terms, with respect to Custom Index Securities, twenty Custom Index Business Days, with respect to Currency Securities, five Scheduled Trading Days and with respect to Commodity Securities, five Commodity Business Days;

**"Stop-Loss Event"** is as defined in Condition 15.1;

**"Strike Date"** means, in the case of Index Securities, Share Securities, ETI Securities or Futures Securities, the Strike Date specified in the applicable Final Terms, or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) where the W&C Securities are Index Securities relating to a single Index (other than a Component Security Index), Share Securities relating to a single Share, ETI Securities relating to a single ETI Interest or Futures Securities relating to a single Future, the Strike Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Strike Date is a Disrupted Day. In that case, (A) the last such consecutive Scheduled Trading Day shall be deemed to be the Strike Date, notwithstanding the fact that such day is a Disrupted Day and (B) the Calculation Agent shall determine the relevant level or price in the manner set out in the applicable Final Terms or, if not set out or practicable, determine the relevant level or price:
  - (i) in the case of Index Securities, by determining the level of the Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the last such Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the last such consecutive Scheduled Trading Day); or
  - (ii) in the case of Share Securities, ETI Securities or Futures Securities, in accordance with its good faith estimate of the relevant price as of the Valuation Time on the last such consecutive Scheduled Trading Day; or
- (b) where the W&C Securities are Index Securities relating to a single Component Security Index, the Calculation Agent shall determine the relevant level for such Component Security Index using the formula for and method of calculating such Component Security Index last in effect prior to the occurrence of the first Disrupted Day using:
  - (i) in respect of each Component Security not affected by a Market Disruption Event on the Scheduled Strike Date, the exchange traded or quoted price of such Component Security as of the Valuation Time on the Scheduled Strike Date; and
  - (ii) in respect of each Component Security affected (each, an **"Affected Component Security"**) by a Market Disruption Event on the Scheduled Strike Date, the exchange traded or quoted price for each Affected Component Security on the first succeeding Scheduled Trading Day on which no Market Disruption Event occurs or is continuing with respect to the Affected Component Security, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Strike Date is a day on which a Market Disruption Event occurs or is continuing with respect to the Affected Component Security, in which case, the Calculation Agent shall determine the value, amount, level or price of the Affected Component Security using its good faith

estimate of the value, amount, level or price of the relevant Affected Component Security as of the Valuation Time on the last such consecutive Scheduled Trading Day; and

the Strike Date shall be deemed to be the earliest date on which the Calculation Agent determines the level of the Component Security Index in accordance with the above provisions.

- (c) where the W&C Securities are Index Securities relating to a Basket of Indices (other than a Basket of Custom Indices), Share Securities relating to a Basket of Shares, ETI Securities relating to a Basket of ETI Interests or Futures Securities relating to a Basket of Futures, the Strike Date for each Index, Share, ETI Interest or Future, as the case may be, not affected by the occurrence of a Disrupted Day shall be the Scheduled Strike Date and the Strike Date for each Index, ETI Interest, Share or Future affected, as the case may be (each an "**Affected Item**"), by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Strike Date is a Disrupted Day relating to the Affected Item. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Strike Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to the Affected Item, the level or price as applicable, determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using:
- (i) in the case of an Index, the level of that Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the last such consecutive Scheduled Trading Day); or
  - (ii) in the case of a Share, ETI Interest or Future, its good faith estimate of the price for the Affected Item as of the Valuation Time on the last such consecutive Scheduled Trading Day; or
- (d) where the W&C Securities are Index Securities relating to a Basket of Component Security Indices, the Strike Date for each Component Security Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Strike Date, and for each Component Security Index affected (each, an "**Affected Item**") by the occurrence of a Disrupted Day, the Calculation Agent shall determine the level of that Component Security Index using the formula for and method of calculating that Component Security Index last in effect prior to the occurrence of the first Disrupted Day, using:
- (i) in respect of each Component Security not affected by a Market Disruption Event on the Scheduled Strike Date, the exchange traded or quoted price of such Component Security as of the Valuation Time on the Scheduled Strike Date; and
  - (ii) in respect of each Component Security affected (each, an "**Affected Component Security**") by a Market Disruption Event on the Scheduled Strike Date, the exchange traded or quoted price for each Affected Component Security on the first succeeding Scheduled Trading Day on which no Market Disruption Event occurs or is continuing with respect to the Affected Component Security, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Strike Date is a day on which a Market Disruption Event occurs or is continuing with respect to the Affected Component Security, in which case, the Calculation Agent shall determine the value, amount, level or price of such Affected Component Security using its good faith estimate of the value, amount, level or price of the relevant Affected Component Security as of the Valuation Time on the last such consecutive Scheduled Trading Day; and

(e) the Strike Date shall be deemed to be the earliest date on which the Calculation Agent can determine the level of the Component Security Index in accordance with the above provisions; or

in the case of Commodity Securities, the Initial Pricing Date;

"**Strike Price**" is as defined in Condition 27;

"**Substitute**" is as defined in Condition 13.1;

"**Substitute Asset**" and "**Substitute Assets**" is as defined in Condition 5.4;

"**Substitute Guarantee**" is as defined in Condition 13.2(b);

"**Substitute Guarantor**" is as defined in Condition 13.2;

"**Substitute Share**" is as defined in Condition 15.2(e);

"**Substitution Date**" is as defined in Condition 15.2(e);

"**sub-unit**" is as defined in Condition 31(a);

"**Successor Index**" is as defined in Condition 15.2(d);

"**Taxes**" is as defined in Condition 11.2;

"**Treaty**" is as defined in Condition 17(b);

"**Uncertificated Securities**" means Securities issued in uncertified and dematerialised form which are entered into the main register (*Hauptregister*) of the Intermediary and entered into the accounts of one or more participants of the Intermediary, as further specified in Condition 2.2;

"**Underlying Reference**" is as defined in Condition 16.6 and 32.8;

"**Underlying Reference Level**" is as defined in Condition 32.8;

"**Underlying Share**" is as defined in Condition 2.1;

"**Units**" is as defined in Condition 22;

"**Valid Date**" is as defined in Condition 20 (in the case of Warrants) and Condition 27 (in the case of Certificates);

"**Valuation Date**" is as defined in Condition 20 (in the case of Warrants) and Condition 27 (in the case of Certificates);

"**Valuation Time**" is as defined in Condition 20 (in the case of Warrants) and Condition 27 (in the case of Certificates);  
and

"**Warrants**" is as defined in paragraph 2 of these Terms and Conditions.

## **2. TYPE, FORM, TITLE AND TRANSFER**

### **2.1 Type**

The W&C Securities relate to a specified index or basket of indices ("**Index Securities**"), a specified share or basket of shares, or a specified depositary receipt (a "**GDR/ADR**") referencing a share (an "**Underlying Share**") or basket of GDRs and/or ADRs ("**Share Securities**"), a specified interest in an exchange traded fund, an exchange traded note, an exchange traded commodity or any other exchange traded product (each an "**exchange traded instrument**") or basket of interests in exchange traded instruments ("**ETI Securities**"), a specified debt instrument or basket of debt instruments or futures or

options contracts related to a specified debt instrument or basket of debt instruments (synthetic or otherwise) ("**Debt Securities**"), a specified commodity or commodity index or basket of commodities and/or commodity indices ("**Commodity Securities**"), a specified inflation index or basket of inflation indices ("**Inflation Index Securities**"), a specified currency or basket of currencies ("**Currency Securities**"), a specified fund share or unit or basket of fund shares or units ("**Fund Securities**"), a specified futures contract or basket of futures contract(s) ("**Futures Securities**"), the credit of a specified reference entity or reference entities ("**Credit Securities**") or any other or further type of W&C Securities as is specified in the applicable Final Terms including W&C Securities which relate to any combination of such indices, shares, interests in exchange traded instruments, debt instruments, commodities, inflation indices, currencies, fund shares or units, futures contract(s), the credit of a specified reference entity or reference entities and other asset classes or types ("**Hybrid Securities**").

If Averaging is specified as applying in the applicable Final Terms, the applicable Final Terms will state the relevant Averaging Dates and, if an Averaging Date is a Disrupted Day, whether Omission, Postponement or Modified Postponement (each as defined in Condition 20 in the case of Warrants or Condition 27 in the case of Certificates) applies.

References in these Terms and Conditions, unless the context otherwise requires, to Cash Settled Securities shall be deemed to include references to (a) Physical Delivery Securities, which include an option (as set out in the applicable Final Terms) at the Issuer's election to request cash settlement of such Security pursuant to Condition 5.3 and where settlement is to be by way of cash payment, and (b) Physical Delivery Securities where settlement is to be automatically varied to be by way of cash payment pursuant to Condition 5.3. References in these Terms and Conditions, unless the context otherwise requires, to Physical Delivery Securities shall be deemed to include references to Cash Settled Securities which include an option (as set out in the applicable Final Terms) at the Issuer's election to request physical delivery of the relevant underlying asset in settlement of such Security pursuant to Condition 5.3 and where settlement is to be by way of physical delivery

W&C Securities may, if specified in the applicable Final Terms, allow Holders to elect for settlement by way of cash payment or by way of physical delivery or by such other method of settlement as is specified in the applicable Final Terms. Those W&C Securities where the Holder has elected for cash payment will be Cash Settled Securities and those W&C Securities where the Holder has elected for physical delivery will be Physical Delivery Securities. The rights of a Holder as described in this paragraph may be subject to the Issuer's right to vary settlement as indicated in the applicable Final Terms and will be subject to the Issuer's right to substitute assets or pay the Alternate Cash Amount (as defined below) in lieu of physical delivery in accordance with these Conditions.

## 2.2 Form of W&C Securities and Title to W&C Securities

English Law Securities are issued as Certificated Securities and French Law Securities are issued as Uncertificated Securities.

The Securities may be denominated in Swiss Francs or such other currencies as approved by SIS.

English Law Certificates are represented by a permanent global certificate (the "**Permanent Global Certificate**") and English Law Warrants are represented by a permanent global warrant (the "**Permanent Global Warrant**" and, together with the Permanent Global Certificate, the "**Permanent Global Security**") and, in each case, will be held as intermediated securities (the "**Intermediated Securities**") (*Bucheffekten*) in accordance with the Swiss Federal Intermediated Securities Act ("**FISA**") (*Bucheffektengesetz*).

The Intermediated Securities will be created (i) by the deposit by the Principal Security Agent of the Permanent Global Security with SIS or any other intermediary in Switzerland recognised for such purposes by SIX Swiss Exchange (SIS or such other intermediary, the "**Intermediary**") on or prior to the issue date and (ii) by the Intermediary crediting the respective rights to securities accounts of the relevant participants with the Intermediary.

Uncertificated Securities are issued in uncertificated and dematerialised form (*inscription en compte*). Neither a global certificate nor definitive securities or any other certificate representative of an Uncertificated Securities will be issued in

respect of Uncertificated Securities and these Terms shall be construed accordingly. Uncertificated Securities will be created by the Issuer by means of a registration in its register of uncertificated securities. Such Uncertificated Securities will then be entered into the main register (*Hauptregister*) of the Intermediary on or prior to their issue date. Once (i) the Uncertificated Securities are registered in the main register (*Hauptregister*) of the Intermediary and (ii) the Intermediary has credited the respective rights to securities accounts of the relevant participants with the Intermediary, such Uncertificated Securities will constitute Intermediated Securities.

The records of the Intermediary will determine the number of W&C Securities held through each participant maintaining a securities account with the Intermediary. In respect of Securities held in the form of Intermediated Securities, the holder of a particular number of Securities (a "**Holder**") will be the person holding such number of Securities in a securities account in their own name and for their own account with the Intermediary or any other securities intermediary maintaining securities accounts (the Intermediary or such other securities intermediary the "**Relevant Intermediary**") and such person shall be treated by the Issuer, the Guarantor, if any, and the Principal Security Agent as the holder of such number of W&C Securities for all purposes. The expressions "**Holder**" and "**Holder of Securities**" and related expressions shall be construed accordingly.

Each Holder of Certificated Securities shall have a quotal co-ownership interest (*Miteigentumsanteil*) in the Permanent Global Security representing such Certificated Securities to the extent of his claim against the Issuer, provided that, for so long as the Permanent Global Security remains deposited with the Intermediary, the co-ownership interest shall be suspended.

Notwithstanding the above and anything contrary herein, the Issuer shall make all payments and/or delivery of Entitlements due to the Holders under the W&C Securities to the Principal Security Agent and, upon receipt by the Principal Security Agent of the due and punctual payment of such funds and/or delivery of Entitlements in Switzerland, shall be discharged from its obligations to Holders under such W&C Securities to the extent that such funds and/or Entitlement have been received by the Principal Security Agent as of such date.

In respect of Uncertificated Securities, neither the Issuer nor the Holders shall at any time have the right to effect or demand the conversion of the Uncertificated Securities into, or the delivery of, a Permanent Global Security or Definitive Securities.

Subject as provided below, in the case of either Certificated Securities or Uncertificated Securities, no printing of securities in definitive form will occur. Subject to any applicable laws, neither the Issuer nor the Holders of Permanent Global Securities shall at any time have the right to effect or demand the conversion of the Permanent Global Security into, or the delivery of, uncertificated securities or Certificated Securities in definitive form.

If (i) the Principal Security Agent deems the printing of securities in definitive form and, if applicable, coupons for the payment of interest or premium amount, ("**Coupons**") to be necessary or useful, or (ii) the presentation of securities in definitive form or, if applicable Coupons, is required by Swiss or foreign laws in connection with the enforcement of rights (including in cases of bankruptcy, consolidation or reorganisation of the Issuer), the Issuer shall determine the form of such definitive securities and, if applicable Coupons, as well as any necessary technical changes required to these Terms and Conditions in consultation with the Principal Security Agent.

The Permanent Global Securities do not have Coupons attached on issue.

Certificated Securities denominated in Swiss Francs benefit from a limited exception to the certification in bearer form requirement of the TEFRA D Rules, if such Certificated Securities fulfil the relevant requirements set out below.

The following criteria must be fulfilled in order for the limited exception to the certification requirement of the TEFRA D Rules to apply:

- (a) the interest on, and the principal of, the W&C Securities are denominated only in Swiss Francs;
- (b) the interest on, and the principal of, the W&C Securities are payable only in Switzerland;

- (c) the W&C Securities are offered and sold in accordance with Swiss customary practice and documentation;
- (d) the relevant dealers agree to use reasonable efforts to sell the W&C Securities within Switzerland;
- (e) the W&C Securities are not listed, or subject to an application for listing, on an exchange located outside Switzerland;
- (f) the issuance of the W&C Securities is subject to guidelines or restrictions imposed by Swiss governmental, banking or securities authorities; and
- (g) more than 80 per cent. by value of the W&C Securities included in the offering of which they are part are offered and sold to non-dealers by dealers maintaining an office located in Switzerland.

In relation to French Law Securities, unless expressly excluded in the applicable Final Terms and to the extent permitted by applicable French law, the Issuer may at any time request from the central depositary identification information of Holders of French Law Securities in bearer dematerialised form (*au porteur*) such as the name or the company name, nationality, date of birth or year of incorporation and mail address or, as the case may be, email address of such Holders.

### 2.3 Transfers of Certificated Securities and Uncertificated Securities

So long as the Certificated Securities remain deposited or Uncertificated Securities remain registered with the Intermediary, all transactions (including permitted transfers of Certificated Securities) in the open market or otherwise must be effected subject to and in accordance with the provisions of the FISA and the applicable rules and regulations of the Intermediary. So long as the Certificated Securities remain deposited or Uncertificated Securities remain registered with the Intermediary, the W&C Securities may only be transferred or otherwise disposed of in accordance with the provisions of FISA, i.e. by the entry of the transferred W&C Securities in a securities account of the transferee.

Transfers of Warrants may not be effected after the exercise of such Warrants pursuant to Condition 24.

Transfers of Certificates may not be effected after the redemption of such Certificates pursuant to Condition 32.

## 3. STATUS OF THE SECURITIES AND GUARANTEE

The W&C Securities are unsubordinated and unsecured obligations of the relevant Issuer and rank *pari passu* among themselves.

Where the Issuer is BNPP B.V., the Guarantee is an unsubordinated and unsecured obligation of BNPP and will rank *pari passu* with all its other present and future unsubordinated and unsecured obligations subject to such exceptions as may from time to time be mandatory under French law.

## 4. GUARANTEE

Where the Issuer is BNPP B.V., subject as provided below and in the relevant Guarantee, BNPP has unconditionally and irrevocably (a) guaranteed to each Holder all obligations of the Issuer in respect of such Holder's W&C Securities as and when such obligations become due and (b) agreed that if and each time that the Issuer fails to satisfy any obligations under such W&C Securities as and when such obligations become due, BNPP will not later than five Paris Business Days (as defined in the relevant Guarantee) after a demand has been made on BNPP pursuant thereto (without requiring the relevant Holder first to take steps against the Issuer or any other person) make or cause to be made such payment or satisfy or cause to be satisfied such obligations as though BNPP were the principal obligor in respect of such obligations provided that (i) in the case of Physical Delivery Certificates and, in the case of Physical Delivery Warrants that are Call Warrants, notwithstanding that the Issuer had the right to vary settlement in respect of such Physical Delivery Securities in accordance with Condition 5.3 and exercised such right or failed to exercise such right, BNPP will have the right at its sole and unfettered discretion to elect not to deliver or procure delivery of the Entitlement to the Holders of such Physical Delivery Securities, but in lieu thereof, to make payment in respect of each such Physical Delivery Security of an amount



determined by BNPP in its sole and absolute discretion equal to the Cash Settlement Amount that would have been payable upon exercise (in the case of Warrants) or redemption (in the case of Certificates) of such W&C Securities assuming they were Cash Settled Securities calculated pursuant to the terms of the relevant Final Terms, or in the case of lack of liquidity of the underlying, the fair market value of such W&C Security less the costs of unwinding any underlying related hedging arrangements (the "**Guaranteed Cash Settlement Amount**") and (ii) in the case of W&C Securities where the obligations of the Issuer which fail to be satisfied constitute the delivery of the Entitlement to the Holders, the Guarantor will as soon as practicable following the failure by the Issuer to satisfy its obligations under such W&C Securities deliver or procure delivery of such Entitlement using the method of delivery specified in the applicable Final Terms provided that, if in the opinion of BNPP, delivery of the Entitlement using such method is not practicable by reason of (A) a Settlement Disruption Event (as defined in Condition 5.1) or (B) if "Failure to Deliver due to Illiquidity" is specified as applying in the applicable Final Terms, a Failure to Deliver due to Illiquidity (as defined in Condition 15.1), in lieu of such delivery BNPP will make payment in respect of each such W&C Security of, in the case of (A) above, the Guaranteed Cash Settlement Amount or, in the case of (B) above, the Failure to Deliver Settlement Price (as defined in Condition 15.2). Any payment of the Guaranteed Cash Settlement Amount or the Failure to Deliver Settlement Price, as the case may be, in respect of a W&C Security shall constitute a complete discharge of BNPP's obligations in respect of such W&C Security. Payment of the Guaranteed Cash Settlement Amount or the Failure to Deliver Settlement Price, as the case may be, will be made in such manner as shall be notified to the Holders in accordance with Condition 10.

## **5. GENERAL PROVISIONS RELATING TO PHYSICAL SETTLEMENT IN RESPECT OF W&C SECURITIES**

### **5.1 Settlement Disruption**

If, (i) in the case of Warrants following the exercise of Physical Delivery Warrants, and (ii) in the case of W&C Securities, in the opinion of the Calculation Agent, delivery of the Entitlement using the method of delivery specified in the applicable Final Terms or such commercially reasonable manner as the Calculation Agent has determined is not practicable by reason of a Settlement Disruption Event (as defined below) having occurred and continuing on any Settlement Date (in the case of Warrants) or Delivery Date (in the case of Certificates), then such Settlement Date or Delivery Date, as the case may be, for such W&C Securities shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event, provided that the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant W&C Security or in the case of Warrants, if applicable, Unit, as the case may be, by delivering the Entitlement using such other commercially reasonable manner as it may select and in such event the Settlement Date or Delivery Date, as the case may be, shall be such day as the Issuer deems appropriate in connection with delivery of the Entitlement in such other commercially reasonable manner. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Entitlement, the Settlement Date or Delivery Date, as the case may be, for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Settlement Date or Delivery Date, as the case may be.

In the case of Warrants, in the event that a Settlement Disruption Event will result in the delivery on a Settlement Date of some but not all of the Relevant Assets comprising the Entitlement, the Calculation Agent shall determine in its discretion the appropriate pro rata portion of the Exercise Price to be paid by the relevant Holder in respect of that partial settlement.

For so long as delivery of the Entitlement is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant W&C Security or in the case of Warrants, if applicable, Unit, as the case may be, by payment to the relevant Holder of the Disruption Cash Settlement Price (as defined below) on the fifth Business Day following the date that notice of such election is given to the Holders in accordance with Condition 10. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Holders in accordance with Condition 10. The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with Condition 10 that a Settlement Disruption Event has occurred. No Holder shall be entitled to any payment in respect of the relevant W&C Security or in the case of Warrants, if applicable, Unit, as the case may be, in the event of any delay in the delivery

of the Entitlement due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer or the Guarantor (if any).

For the purposes hereof:

**"Disruption Cash Settlement Price"** means, in respect of any relevant W&C Security or in the case of Warrants, if applicable, Unit, as the case may be, the fair market value of such W&C Security or in the case of Warrants, if applicable, Unit, as the case may be (disregarding, where the Settlement Disruption Event affected some but not all of the Relevant Assets comprising the Entitlement and such non-affected Relevant Assets have been duly delivered as provided above, the value of such non-affected Relevant Assets), less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (unless otherwise provided in the applicable Final Terms), all as determined by the Issuer in its sole and absolute discretion, plus in the case of Warrants, if applicable and if already paid, the Exercise Price (or, where as provided above some Relevant Assets have been delivered, and a pro rata portion thereof has been paid, such pro rata portion);

**"Settlement Business Day"** has the meaning specified in the applicable Final Terms; and

**"Settlement Disruption Event"** means, in the opinion of the Calculation Agent or, if the proviso to Condition 4 applies, BNPP, an event beyond the control of the Issuer or, if the proviso to Condition 4 applies, BNPP as a result of which the Issuer or BNPP, as the case may be, cannot make delivery of the Relevant Asset(s) using the method specified in the applicable Final Terms.

## 5.2 Failure to Deliver due to Illiquidity

**"Failure to Deliver due to Illiquidity"**, if specified as applying in the applicable Final Terms, will be an Optional Additional Disruption Event, as described in Condition 15.1 below.

## 5.3 Variation of Settlement

- (a) If the applicable Final Terms indicate that the Issuer has an option to vary settlement in respect of the W&C Securities, and subject in the case of Warrants to a valid exercise of the Warrants in accordance with these Conditions, the Issuer may at its sole and absolute discretion in respect of each such W&C Security or in the case of Warrants, if applicable, Unit, elect not to pay the relevant Holders the Cash Settlement Amount or to deliver or procure delivery of the Entitlement to the relevant Holders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Cash Settlement Amount on the Settlement Date (in the case of Warrants) or Redemption Date (in the case of Certificates) to the relevant Holders, as the case may be. Notification of such election will be given to Holders in accordance with Condition 10.
- (b) If specified in the applicable Final Terms, and subject in the case of Warrants to a valid exercise of Warrants in accordance with these Conditions, the Issuer shall, in respect of each such W&C Security or in the case of Warrants, if applicable, each Unit, in lieu of delivering or procuring the delivery of the Entitlement to the relevant Holders, make payment of the Cash Settlement Amount on the Settlement Date (in the case of Warrants) or Redemption Date (in the case of Certificates) to the relevant Holders.

## 5.4 Issuer's Option to Substitute Assets or to pay the Alternate Cash Amount

Following a valid exercise or redemption, as the case may be, of W&C Securities in accordance with these Conditions, the Issuer may, in its sole and absolute discretion in respect of such W&C Securities, if the Calculation Agent determines (in its sole and absolute discretion) that the Relevant Asset or Relevant Assets, as the case may be, comprise(s) shares or interests in ETIs which are not freely tradable, elect either (a) to substitute for the Relevant Asset or the Relevant Assets, as the case may be, an equivalent value (as determined by the Calculation Agent in its sole and absolute discretion) of such other shares or interests in ETIs which the Calculation Agent determines, in its sole and absolute discretion, are freely tradable (the **"Substitute Asset"** or the **"Substitute Assets"**, as the case may be) or (b) not to deliver or procure the

delivery of the Entitlement or the Substitute Asset or Substitute Assets, as the case may be, to the relevant Holders, but in lieu thereof to make payment to the relevant Holders on the Settlement Date of an amount equal to the fair market value of the Entitlement on the Valuation Date as determined by the Calculation Agent in its sole and absolute discretion by reference to such sources as it considers appropriate (the "**Alternate Cash Amount**"). Notification of any such election will be given to Holders in accordance with Condition 10.

For the purposes hereof, a "**freely tradable**" share or interest in an ETI shall mean (i) with respect to the United States, a share or interest in an ETI, as the case may be, which is registered under the Securities Act with respect to which an exemption from such registration is available, in each case, as determined by the Calculation Agent in its sole and absolute discretion or (ii) with respect to any other jurisdiction, a share or interest in an ETI, as the case may be, not subject to any legal restrictions on transfer in such jurisdiction.

5.5 Commodity Securities shall not be Physical Delivery Securities.

5.6 FX Settlement Disruption Event

If the Settlement Currency specified in the applicable Final Terms is a Relevant Currency, "FX Settlement Disruption" will apply, and:

- (a) If on the second Business Day prior to the Disrupted Settlement Date, the Calculation Agent (in its sole and absolute discretion) determines that a FX Settlement Disruption Event has occurred and is subsisting, the Issuer shall give notice (a "**FX Settlement Disruption Notice**") to the Holders in accordance with Condition 10 as soon as reasonably practicable thereafter and, in any event, prior to the due date for payment of the relevant Disrupted Amount as the case may be.
- (b) Following the occurrence of a FX Settlement Disruption Event:
  - (i) the date for payment of the relevant Disrupted Amount will be postponed to (i) the second Business Day following the date on which the Calculation Agent determines that a FX Settlement Disruption Event is no longer subsisting or if earlier (ii) the date falling thirty calendar days following the Settlement Date, Redemption Date or other scheduled date for payment, as applicable, of the relevant Disrupted Amount (the "**FX Settlement Disruption Cut-off Date**") which, for the avoidance of doubt, may be later than the scheduled Settlement Date or Redemption Date; as the case may be and
  - (ii) (i) in the case of (i) above, the Issuer will pay or cause to be paid the relevant Disrupted Amount, less FX Settlement Disruption Expenses (if any), in the Settlement Currency or (ii) in the case of (i) above, in lieu of paying the relevant Disrupted Amount in the Settlement Currency, the Issuer will, subject to sub-paragraph (c) below, convert the relevant Disrupted Amount into the FX Settlement Disruption Currency (using the FX Settlement Disruption Exchange Rate determined by the Calculation Agent for the relevant Disrupted Settlement Date) and will pay or cause to be paid the relevant Disrupted Amount, less FX Settlement Disruption Expenses (if any), in the FX Settlement Disruption Currency on the FX Settlement Disruption Cut-off Date;
- (c) If sub-paragraph (b)(i)(ii) applies, the Calculation Agent will determine the FX Settlement Disruption Exchange Rate in its sole and absolute discretion in accordance with the following procedures:
  - (i) the FX Settlement Disruption Exchange Rate shall be the arithmetic mean (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Settlement Currency/FX Settlement Disruption Currency exchange rates provided by two or more leading dealers on a foreign exchange market (as selected by the Calculation Agent) on such day; or

- (ii) if fewer than two leading dealers provide the Calculation Agent with bid and offer Settlement Currency/FX Settlement Disruption Currency exchange rates on such day, the Calculation Agent shall determine the FX Settlement Disruption Exchange Rate in its discretion.
- (d) For the avoidance of doubt:
  - (i) No Interest Period will be adjusted as a result of the postponement of any interest payment or premium amount payment pursuant to this Condition 5.6; and
  - (ii) No additional interest will be payable in respect of any postponement of the relevant due date for payment.
- (e) For the avoidance of doubt, nothing contained in this Condition 5.6 shall prevent the Issuer from determining that an Additional Disruption Event and/or Optional Additional Disruption Event has occurred, in which case, the provisions of Condition 15 shall prevail in the event of any conflict between this Condition 5.6 and Condition 15.
- (f) For these purposes:

**"Disrupted Amount"** means any Cash Settlement Amount, Interest Amount, Premium Amount or other amount payable;

**"Disrupted Settlement Date"** means the Settlement Date, Redemption Date or any other due date for payment of the relevant Disrupted Amount;

**"FX Settlement Disruption Currency"** means USD;

**"FX Settlement Disruption Event"** means the occurrence of an event which makes it unlawful, impossible or otherwise impracticable to pay the relevant Disrupted Amount in the Settlement Currency on the scheduled Settlement Date, Redemption Date or other date for payment;

**"FX Settlement Disruption Exchange Rate"** means the rate of exchange between the Settlement Currency (as specified in the applicable Final Terms) and the FX Settlement Disruption Currency, determined by the Calculation Agent in accordance with the provisions of sub-paragraph (c) above;

**"FX Settlement Disruption Expenses"** means the sum of (i) the cost to the Issuer and/or its affiliates of unwinding any hedging arrangements related to the W&C Securities and (ii) any transaction, settlement or other costs and expenses arising directly out of the occurrence of a FX Settlement Disruption Event or the related payment of the Disrupted Amount, all as determined by the Calculation Agent in its sole and absolute discretion; and

**"Relevant Currency"** means each of Emirati Dirhams ("AED"), Argentinian Pesos ("ARS"), Australian Dollars ("AUD"), Bermudan Dollars ("BMD"), Bulgarian Leva ("BGN"), Bahraini Dinars ("BHD"), Botswana Pula ("BWP"), Brazilian Reais ("BRL"), Canadian Dollars ("CAD"), Swiss Francs ("CHF"), Chilean Pesos ("CLP"), Chinese Yuan ("CNY"), Czech Republic Korun ("CZK"), Danish Kroner ("DKK"), Great British Pounds ("GBP"), Ghanaian Cedis ("GHS"), Hong Kong Dollars ("HKD"), Croatian Kuna ("KRW"), Hungarian Forints ("HUF"), Indonesian Rupiah ("IDR"), Israeli Shekels ("ILS"), Icelandic Krónur ("ISK"), Jordanian Dinars ("JOD"), Japanese Yen ("JPY"), Kenyan Shillings ("KES"), Kuwaiti Dinars ("KWD"), Kazakhstani Tenge ("KZT"), Lebanese Pounds ("LBP"), Moroccan Dirhams ("MAD"), Mauritian Rupees ("MUR"), Mexican Pesos ("MXN"), Malaysian Ringgits ("MYR"), Namibian Dollars ("NAD"), Nigerian Naira ("NGN"), Norwegian Kroner ("NOK"), New Zealand Dollars ("NZD"), Omani Riyals ("OMR"), Peruvian Nuevos Soles ("PEN"), Philippine Pesos ("PHP"), Polish Zloty ("PLN"), Qatari Riyals ("QAR"), Romanian Lei ("RON"), Russian Roubles ("RUB"), Saudi Riyals ("SAR"), Swedish Kronor ("SEK"), Singaporean Dollars ("SGD"), Thai Baht ("THB"), Tunisian Dinars ("TND"), Turkish Lira ("TRY") and South African Rand ("ZAR").

## **6. GENERAL**

None of the Issuers, the Guarantor, the Calculation Agent and any Security Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount or of any Entitlement.

The purchase of W&C Securities does not confer on any Holder of such W&C Securities any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.

## **7. ILLEGALITY AND FORCE MAJEURE**

### **7.1 Illegality**

If the Issuer determines that the performance of its obligations under the W&C Securities has become illegal in whole or in part for any reason, the Issuer may, in the case of Warrants, cancel, or in the case of Certificates, redeem all but not some only of the W&C Securities by giving notice to Holders in accordance with Condition 10.

If the Issuer cancels or redeems, as the case may be, the W&C Securities then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Holder in respect of each W&C Security, or in the case of Warrants, if Units are specified as applicable in the applicable Final Terms, each Unit, as the case may be, held by such Holder, which amount shall be equal to the fair market value of a W&C Security or Unit, as the case may be, notwithstanding such illegality less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements plus, in the case of Warrants, if applicable and if already paid by or on behalf of the Holder, the Exercise Price, all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with Condition 10.

Should any one or more of the provisions contained in these Terms and Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

### **7.2 Force Majeure**

If the Issuer determines that by reason of force majeure or act of state occurring after the Trade Date it becomes impossible or impracticable to perform in whole or in part its obligations under the W&C Securities and/or any related hedging arrangements, the Issuer may, in the case of Warrants, cancel, or in the case of Certificates, redeem the W&C Securities by giving notice to Holders in accordance with Condition 10.

If the Issuer cancels or redeems, as the case may be, the W&C Securities then the Issuer will, if and to the extent possible or practicable, pay an amount (if any) to each Holder in respect of each W&C Security, or in the case of Warrants, if Units are specified as applicable in the applicable Final Terms, each Unit, as the case may be, held by such Holder, which amount shall be equal to the fair market value (if any) of a W&C Security or Unit, as the case may be, taking into account such force majeure or act of state less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements plus, in the case of Warrants, if applicable and if already paid by or on behalf of the Holder, the Exercise Price, all as determined by the Calculation Agent in its sole and absolute discretion. Any payment will be made in such manner as shall be notified to the Holders in accordance with Condition 10.

## **8. PURCHASES**

### **8.1 Purchase and cancellation by BNPP B.V. in respect of any W&C Securities and by BNPP in respect of Warrants**

The Issuer may, but is not obliged to, at any time purchase W&C Securities at any price in the open market or by tender or private treaty. In the case of BNPP B.V., any W&C Securities or, in the case of BNPP, any Warrants so purchased may be held or resold or surrendered for cancellation, provided however, that W&C Securities so purchased may only be resold pursuant to an exemption from the registration requirements of the Securities Act provided by Regulation S or otherwise thereunder.

## 8.2 Purchase by BNPP in respect of Certificates

The Issuer may, but is not obliged to, at any time purchase Certificates at any price in the open market or by tender or private treaty.

Certificates so purchased by the Issuer may be held or resold in accordance with applicable laws and regulations for the purpose of enhancing the liquidity of the Certificates, or cancelled.

## 8.3 Cancellation by BNPP in respect of Certificates

All Certificates which are purchased for cancellation by the Issuer will forthwith be cancelled and accordingly may not be re-issued or resold.

# 9. SECURITY AGENT, MEETINGS PROVISIONS, MODIFICATIONS

## 9.1 Security Agent

The specified office of the Security Agent is as set out at the end of these Terms and Conditions.

Each of the Issuer and the Guarantor, if any, reserves the right at any time to vary or terminate the appointment of the Security Agent and to appoint further or additional Security Agents, provided that no termination of appointment of the Security Agent shall become effective until a replacement Security Agent shall have been appointed and provided that, so long as any of the W&C Securities are listed on a stock exchange or are admitted to trading by another relevant authority, there shall be a Security Agent having a specified office in each location (if any) required by the rules and regulations of the relevant stock exchange or other relevant authority. Notice of any termination of appointment and of any changes in the specified office of the Security Agent will be given to Holders in accordance with Condition 10. In acting under the Agency Agreement, the Security Agent acts solely as agent of the Issuer and the Guarantor, if any, and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders and any determinations and calculations made in respect of the W&C Securities by the Security Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer, the Guarantor, if any, and the respective Holders.

In the case of W&C Securities listed on SIX Swiss Exchange, the Security Agent shall at all times be a bank or securities dealer that is subject to supervision by the Swiss Financial Markets Supervisory Authority FINMA.

## 9.2 Calculation Agent

In relation to each issue of W&C Securities, the Calculation Agent (whether it be BNP Paribas, BNP Paribas Arbitrage S.N.C. or another entity) acts solely as agent of the Issuer and the Guarantor, if any, and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders. All calculations and determinations made in respect of the W&C Securities by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer, the Guarantor, if any, and the Holders. Because the Calculation Agent may be an affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and the Holders, including with respect to certain determinations and judgments that the Calculation Agent must make.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

## 9.3 Determinations by the Issuer and the Guarantor

Any determination made by the Issuer or the Guarantor, if any, pursuant to these Terms and Conditions shall (save in the case of manifest error) be final, conclusive and binding on the Issuer, the Guarantor, if any, and the Holders.

## 9.4 Meetings of Holders

(a) English Law Securities

The Agency Agreement contains provisions for convening meetings of the Holders of English Law Securities to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of the Terms and Conditions or the Agency Agreement. At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to Holders. Such a meeting may be convened by the Issuer, the Guarantor or Holders holding not less than 5 per cent. (by number) of the W&C Securities for the time being, in the case of Warrants, remaining unexercised or, in the case of Certificates, outstanding. The quorum at a meeting of the Holders (except for the purpose of passing an Extraordinary Resolution) will be two or more persons holding or representing not less than 20 per cent. (by number) of W&C Securities, in the case of Warrants, for the time being remaining unexercised or, in the case of Certificates, outstanding, or at any adjourned meeting two or more persons being or representing Holders whatever the number of English Law Securities so held or represented. The quorum at a meeting of Holders for the purpose of passing an Extraordinary Resolution will be two or more persons holding or representing not less than 50 per cent. (by number) of the W&C Securities, in the case of Warrants, for the time being remaining unexercised or, in the case of Certificates, outstanding, or at any adjourned meeting two or more persons being holding or representing not less than 10 per cent. (by number) of the W&C Securities for the time being remaining unexercised or outstanding, as the case may be. A resolution will be an Extraordinary Resolution when it has been passed at either (i) a duly convened meeting by not less than three fourths of the votes cast by Holders at such meeting who, being entitled to do so, vote in person or by proxy or (ii) consent given by way of electronic consents through the relevant clearing system(s), as applicable, (in a form satisfactory to the Principal Security Agent) by or on behalf of persons representing not less than 75 per cent. (by number) of the W&C Securities, in the case of Warrants, for the time being remaining unexercised or, in the case of Certificates, outstanding. An Extraordinary Resolution passed by the Holders will be binding on all the Holders, whether or not they are present at any meeting and whether or not they voted on the resolution, except, in the case of Warrants, for those Warrants remaining unexercised but for which an Exercise Notice shall have been received as described in Condition 24 prior to the date of the meeting or the final date on which electronic consents can be submitted through the clearing systems. Warrants which have not been exercised but in respect of which an Exercise Notice has been received as described in Condition 24 will not confer the right to attend or vote at, or join in convening, or be counted in the quorum for, any meeting of the Holders. Resolutions can be passed in writing if passed unanimously.

(b) French Law Securities

If the relevant Final Terms specify that Holders will be grouped automatically for the defence of their common interests constituting a separate legal body called *masse* (the "**Masse**"), the Masse will be governed by the provisions of Articles L.228-46 *et seq* of the French *Code de commerce* subject to the provisions of sub-paragraph (i) below.

If the relevant Final Terms specify that Holders shall not be grouped in a Masse, a general meeting of Holders (the "**General Meeting**") may be convened to consider some matters relating to any series of French Law Securities as provided hereunder in sub-paragraphs (ii) to (v) below.

(i) Representation

If the provisions of the Masse are specified as applicable in the applicable Final Terms, the below provisions will apply:

The names and addresses of the initial Representative of the Masse and its alternate will be set out in the relevant Final Terms. The Representative appointed in respect of the first tranche of any series of French Law Securities will be the representative of the single Masse of all Tranches in such Series.

The Representative will be entitled to such remuneration in connection with its functions or duties as set out in the relevant Final Terms.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by another Representative. In the event of the death, retirement or revocation of appointment of the alternate Representative, an alternate will be elected by the general meeting of the Holders.

The place where a general meeting shall be held will be set out in the notice convening such general meeting.

If the provisions of the Masse are specified as not applicable in the applicable Final Terms, Holders shall not be represented by any representative of such body.

(ii) Powers of the General Meetings

The General Meeting is empowered to deliberate on any proposal relating to any matter affecting the interests of the Holders of the French Law Securities and their rights, actions and benefits which now or in the future may accrue with respect to the French Law Securities, including the:

- (A) power to agree to any modification of the French Law Securities including but not limited to, a modification of the Exercise Price (in the case of Warrants), Exercise Period (in the case of Warrants), Cash Settlement Amount, Entitlement, Expiration Date (in the case of Warrants), Redemption Date (in the case of Certificates), Settlement Date or more generally the modification of any term which can affect the amount to be paid under a French Law Security or the scheduled payment date, which is proposed by the Issuer;
- (B) power to give any authority or approval which under the provisions of this Condition 9.4(b) is required to be given by a resolution of the General Meeting;
- (C) power to appoint any persons (whether Holders or not) to a committee or committees to confer upon any such committee or committees any powers or discretions which the Holders could themselves exercise by a resolution of the General Meeting; and
- (D) power to approve any contractual compromise or arrangement proposed to be made between the Issuer and the relevant Holders in respect of the rights of the Holders against the Issuer or against any of its property.

It is specified, however, that a General Meeting may not:

- I. appoint any person as the representative of the Holders of any series for all actions intended to defend the common interests of the Holders, and particularly to bring any court or arbitration action or proceedings, against the Issuer or any Agent; and
- II. agree on (a) any modification of the majority required to pass a resolution of the General Meeting, (b) any proposal relating to a change in the Issuer's corporate purpose or status, (c) any proposal for a settlement or a transaction concerning disputed rights or rights in respect of which court decisions have been handed down, or (d) proposals to merge or demerge the Issuer.

Any resolution passed at a General Meeting of the Holders of a series of French Law Securities, duly convened and held in accordance with the provisions of this Condition, shall be binding upon all the Holders of such series of French Law Securities whether present or not present at the meeting and whether or not voting and each of them shall be bound to give effect to the resolution accordingly and the passing of any resolution shall be conclusive evidence that the circumstances justify its passing.

General Meetings may deliberate validly on first convocation only if Holders present or represented hold at least a fifth of the French Law Securities then, in the case of Warrants, remaining unexercised or, in the case of Certificates, outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a two-third majority of votes cast by Holders attending such General Meetings or represented thereat.



Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 10 by the Issuer within 14 calendar days of the result being known provided that non-publication shall not invalidate the resolution.

(iii) Convening and holding of the General Meeting

The General Meeting shall be convened by an authorised representative of the Issuer or by the liquidators or natural or physical persons performing equivalent functions during any possible winding-up or equivalent insolvency period and held, all with the same formal and deadline conditions as the shareholders' meetings of the Issuer including the provisions of Articles R. 225-66, R. 225-95, R. 225-101, R. 225-106 and R. 225-107 but excluding the provisions of Articles R. 225-72 to R. 225-74 of the French *Code de commerce*.

Any meeting unduly convened may be cancelled. However, the action to cancel this shall not be admissible when all the Holders of the relevant series are present or represented.

The day, time and place of the meeting and agenda of a meeting are determined at its discretion by the person convening it. However, one or more Holders holding at least one thirtieth of the relevant series of French Law Securities then, in the case of Warrants, remaining unexercised or, in the case of Certificates, outstanding are entitled to require that draft resolutions be placed on the agenda. Such resolutions are placed on the agenda and put to the vote by the chairman of the meeting. The meeting shall not deliberate on an item which is not placed on the agenda. The agenda for the meeting may be amended on a second convening.

The meeting shall be chaired by a representative of the Issuer.

An attendance sheet is kept for each meeting. The decisions taken at each meeting are recorded in minutes signed by the members of the committee which are entered in a special register kept at the registered office of the Issuer. The elements that must be included in the attendance sheet and the minutes are the same as with respect to the shareholders' meetings of the Issuer.

All Holders of the relevant series of French Law Securities are entitled to participate in the meeting or to be represented at it by the representative of their choice. Any Holder may vote by correspondence with the same formal and deadline conditions as the shareholders' meetings of the Issuer. Any contrary provision in the articles of association is deemed not to exist. When the quorum is calculated, only voting forms received by the Issuer before the date of the meeting in the manner and within the time limits being the same as for the shareholders' meetings of the Issuer shall be included in such calculation. Forms which do not indicate a voting intention or which express an abstention are treated as negative votes. If the articles of association of the Issuer so provide, Holders who participate in the meeting via videoconferencing or via a telecommunications medium which permits their identification are deemed to be present for calculation of the quorum and the majority.

The rights of each Holder to participate in General Meetings will be evidenced by the entries in the books of the Relevant Intermediary of the name of such Holder on the second business day in Paris preceding the date set for the meeting of the relevant General Meeting at 00.00, Paris time. The voting right in General Meetings shall belong to the bare owner (*nu-propriétaire*) of the relevant French Law Securities. Each French Law Security shall confer the right to one vote.

Holders shall not be allowed individually to exercise control over the operations of the Issuer or to request notification of Issuer documents.

(iv) Information to Holders

Each Holder will have the right, during the 15-day period preceding the holding of the relevant General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Holders at the

registered office of the Issuer, at the specified offices of any of the Security Agents during usual business hours and at any other place specified in the notice of the General Meeting. The relevant Holders shall at all times have the same right with regard to the minutes and attendance sheets of the said General Meeting.

(v) Expenses

The Issuer will pay all expenses relating to the calling and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting.

In the case of Certificates, it is expressly stipulated that no expenses may be imputed against interest payable under the Certificates.

9.5 Modifications

The Issuer may modify these Terms and Conditions and/or the Agency Agreement without the consent of the Holders in any manner which the Issuer may deem necessary or desirable provided that such modification is not materially prejudicial to the interests of the Holders or such modification is of a formal, minor or technical nature or to cure, correct or supplement a manifest or proven error or to cure, correct or supplement any defective provision contained herein and/or therein or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated. Notice of any such modification will be given to the Holders in accordance with Condition 10 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

**10. NOTICES**

10.1 All notices regarding W&C Securities, both Certificated and Uncertificated W&C Securities, will be valid if published on the website of BNPP at the following address [www.bnpparibasmarkets.ch](http://www.bnpparibasmarkets.ch) or any other website specified in the applicable Final Terms. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first such publication.

10.2 All notices regarding W&C Securities listed on the SIX Swiss Exchange to be made to Holders will also be given through the online information system of the SIX Swiss Exchange, by publishing on the SIX Swiss Exchange's website ([http://www.six-exchange-regulation.com/publications/published\\_notifications/official\\_notices\\_en.htm](http://www.six-exchange-regulation.com/publications/published_notifications/official_notices_en.htm)) as provided for in the rules of the SIX Swiss Exchange. In addition, any such notice may be published in any other manner provided by the rules of SIX Swiss Exchange.

**11. EXPENSES AND TAXATION**

11.1 A Holder must pay all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from the exercise and settlement (in the case of Warrants) or redemption (in the case of Certificates) of the W&C Securities and/or the delivery or transfer of the Entitlement (as applicable) pursuant to the terms of such W&C Securities ("**Security Expenses**") relating to such W&C Securities as provided above.

11.2 The Issuer shall deduct from amounts payable or from assets deliverable to Holders all Related Expenses, not previously deducted from amounts paid or assets delivered to Holders, as the Calculation Agent shall in its sole and absolute discretion determine are attributable to the W&C Securities.

For the avoidance of doubt, the Issuer shall not be liable for any Related Expenses and Holders shall be liable to pay the Related Expenses attributable to their W&C Securities.

"**Expenses**" means Security Expenses and any Related Expenses.

"**Related Expenses**" means (a) all present, future, prospective, contingent or anticipated Taxes which are (or may be) or were (or may have been) withheld or payable under the laws, regulations or administrative practices of any state (or any

political sub-division or authority thereof or therein) and (b) any other present, future, or contingent expenses (including without limitation, any applicable depositary charges, transaction charges, issue registration, securities transfer or other expenses) which are (or may be) or were (or may have been) payable, in each case in respect of or in connection with:

- (a) the issue, transfer or enforcement of the W&C Securities;
- (b) any payment (or delivery of assets) to Holders;
- (c) a person or its agent's assets or any rights, distributions of dividends appertaining to such assets (had such an investor (or agent) purchased, owned, held, realised, sold or otherwise disposed of assets) in such a number as the Calculation Agent, in its sole and absolute discretion, may determine to be appropriate as a hedge or related trading position in connection with the W&C Securities; or
- (d) any of the Issuer's (or any Affiliates') other hedging arrangements in connection with the W&C Securities.

"**Taxes**" means taxes, levies, imposts, duties, deductions, withholdings, assessments or other charges (including any stamp, registration or transfer tax, duty or other charge or tax on income, payments (or delivery of assets), profits, capital gains or, for the avoidance of doubt, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto) together with any interest, additions to tax or penalties.

## **12. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of Holders to create and issue further W&C Securities so as to be consolidated with and form a single series with the outstanding W&C Securities.

## **13. SUBSTITUTION OF THE ISSUER OR THE GUARANTOR**

- 13.1 The Issuer, or any previous substituted company may, at any time, without the consent of the Holders, substitute for itself as principal obligor under the W&C Securities any company (the "**Substitute**"), being the Issuer or any other company, subject to:
- (a) where the Substitute is not BNPP, BNPP unconditionally and irrevocably guaranteeing in favour of each Holder the performance of all obligations by the Substitute under the W&C Securities;
  - (b) all actions, conditions and things required to be taken, fulfilled and done to ensure that the W&C Securities represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and being in full force and effect;
  - (c) the Substitute becoming party to the Agency Agreement (unless the Substitute is already a party to the Agency Agreement) with any appropriate consequential amendments, as if it had been an original party to it;
  - (d) each stock exchange on which the W&C Securities are listed having confirmed that, following the proposed substitution of the Substitute, the W&C Securities will continue to be listed on such stock exchange;
  - (e) if appropriate, the Substitute having appointed a process agent as its agent in England (in the case of English Law Securities) or France (in the case of French Law Securities) to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the W&C Securities; and
  - (f) the Issuer having given at least 30 days' prior notice of the date of such substitution to the Holders in accordance with Condition 10.

- 13.2 Where the Issuer is BNPP B.V., BNPP or any previous substituted company may, at any time, without the consent of the Holders, substitute for itself as guarantor in respect of the W&C Securities any company (the "**Substitute Guarantor**"), being BNPP or any other company, subject to:
- (a) the creditworthiness of the Substitute Guarantor at such time being at least equal to the creditworthiness of BNPP (or of any previous substitute under this Condition), as determined by the Calculation Agent in its sole and absolute discretion by reference to, *inter alia*, the long term senior debt ratings (if any) assigned by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and/or Moody's Investors Service Ltd. and/or Fitch Ratings Limited, or any successor rating agency or agencies thereto, to the Substitute Guarantor or, as the case may be, to BNPP (or to any previous substitute under this Condition);
  - (b) the Substitute Guarantor having entered into a guarantee (the "**Substitute Guarantee**") in respect of the W&C Securities in substantially the same form as the Guarantee and such other documents (if any) as may be necessary to give full effect to the substitution (the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substitute Guarantor shall undertake in favour of each Holder to be bound by these Terms and Conditions and the provisions of the Agency Agreement as fully as if the Substitute Guarantor had been named in these Terms and Conditions, the Documents and the Agency Agreement as the guarantor in respect of the W&C Securities in place of BNPP (or of any previous substitute under this Condition);
  - (c) the Substitute Guarantee and the Documents having been delivered to BNP Paribas Securities Services, Paris, Succursale de Zurich to be held by BNP Paribas Securities Services, Paris, Succursale de Zurich for so long as any W&C Securities remain, in the case of Warrants, unexercised or, in the case of Certificates, outstanding and for so long as any claim made against the Substitute Guarantor or the Issuer by any Holder in relation to the W&C Securities, the Substitute Guarantee or the Documents shall not have been finally adjudicated, settled or discharged;
  - (d) each stock exchange on which the W&C Securities are listed having confirmed that following the proposed substitution of the Substitute Guarantor (or of any previous substitute under this Condition) it will continue to list the W&C Securities;
  - (e) if appropriate, the Substitute Guarantor having appointed a process agent as its agent in England (in the case of English Law Securities) or France (in the case of French Law Securities) to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the W&C Securities or the Substitute Guarantee; and
  - (f) BNPP (or any previous substitute under this Condition) having given at least 30 days' prior notice of the date of such substitution to the Holders in accordance with Condition 10.

## **14. GOVERNING LAW**

### **14.1 English Law Securities**

- (a) The English Law Securities, the English Law Agency Agreement and the English Law W&C Guarantee and any non-contractual obligations arising out of or in connection with the English Law Securities, the English Law Agency Agreement and the English Law W&C Guarantee are governed by, and shall be construed in accordance with, English law.
- (b) The courts of England shall have exclusive jurisdiction to settle any dispute arising out of, relating to or having any connection with the English Law Securities, the English Law Agency Agreement and the English Law W&C Guarantee including any non-contractual obligations arising out of or in connection with the English Law Securities, the English Law Agency Agreement and the English Law W&C Guarantee (a "**Dispute**") and consequently each of the Issuer and the Guarantor submit and each Holder (by its acquisition of a W&C Security) is deemed to submit to the jurisdiction of the English courts to hear all suits, actions or proceedings (together

hereafter termed the "**Proceedings**") relating to any such Dispute (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the English Law Securities, the English Law Agency Agreement and the English Law W&C Guarantee).

- (c) Each of the Issuer and the Guarantor waives and each Holder (by its acquisition of a W&C Security) is deemed to waive any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.
- (d) Each of the Issuer and the Guarantor hereby irrevocably appoints BNP Paribas, London branch at its registered office at 10 Harewood Avenue, London NW1 6AA, as its or their agent in England to receive service of process in any Proceedings before the English courts in relation to any Dispute and agrees that, in the event of BNP Paribas, London Branch being unable to unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute and to notify the Holders of English Law Securities of such appointment. Each of the Issuer and the Guarantor agree that failure by a process agent to notify it of any process will not invalidate service. Nothing in clause shall affect the right to serve process in any other manner permitted by law.
- (e) WITHOUT PREJUDICE TO CONDITION 14.1(B) ABOVE, THE ISSUER WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN CONNECTION WITH THE W&C SECURITIES. THESE CONDITIONS MAY BE FILED AS A WRITTEN CONSENT TO A BENCH TRIAL.

#### 14.2 French Law Securities

The French Law Securities, the French Law Agency Agreement and the French Law Guarantee are governed by, and construed in accordance with, French law, and any action or proceeding in relation thereto ("**Proceedings**") shall be submitted to the jurisdiction of the competent courts in Paris within the jurisdiction of the Paris Court of Appeal (*Cour d'Appel de Paris*). Nothing in this Condition 14.2 shall limit the right of the Holders to take Proceedings against the Issuer and/or the Guarantor in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions. BNPP B.V. elects domicile at the registered office of BNP Paribas currently located at 16 boulevard des Italiens, 75009 Paris, France.

### 15. ADDITIONAL DISRUPTION EVENTS AND OPTIONAL ADDITIONAL DISRUPTION EVENTS

- 15.1 In respect of Debt Securities any reference in this Condition 15 to "Share" and "Share Company" shall be deemed to be references to "Debt Instruments" and "Debt Instrument Issuer" respectively in respect of such Debt Securities.

"**Additional Disruption Event**" means each of Change in Law and Hedging Disruption, unless specified otherwise in the applicable Final Terms;

"**Cancellation Event**" means, that in the determination of the Calculation Agent, all or some of the Debt Instruments are redeemed prior to their stated maturity date for any reason, and as a result thereof it is impossible, impracticable or unduly onerous for the Issuer or its Affiliates to hedge the Issuer's obligations in respect of the W&C Securities;

"**Change in Law**" means that, on or after the Trade Date (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, in respect of any tax law, solvency or capital requirements), or (b) due to the promulgation of or any change in the interpretation or application of any law or regulation by any court, tribunal or regulatory or other supervisory authority with competent jurisdiction (including any action taken by a taxing or financial authority or any supervisory authority) or the combined effect thereof if occurring more than once, the Issuer determines in its sole and absolute discretion that:

- (a) it has become illegal for it or any of its Affiliates to hold, acquire or dispose of any relevant hedge position relating to an Index (in the case of Index Securities), any relevant hedge position relating to a Share (in the case of Share Securities), any relevant hedge position relating to an ETI Interest (in the case of ETI Securities), any

relevant hedge position relating to a Commodity or Commodity Index (in the case of Commodity Securities) or any relevant hedge position relating to a Fund Share (in the case of Fund Securities) (each a "**Hedge**"); or

- (b) it or any of its Affiliates would incur a materially increased cost (including, without limitation, in respect of any tax, solvency or capital requirements) in maintaining the W&C Securities in issue or in holding, acquiring or disposing of any Hedge;

**"Currency Event"** means that, on or after the Trade Date, it has become impracticable, illegal or impossible for the Issuer or any of its Affiliates (a) to convert the relevant currency ("Local Currency") in which the Index, the Shares or the Debt Instruments or any options or futures contracts or other hedging arrangement in relation to the Index, the Shares or the Debt Instruments (for the purposes of hedging the Issuer's obligations under the Securities) are denominated, into the Settlement Currency, or exchange or repatriate any funds in the Local Currency or the Settlement Currency outside of the country in which the Index, the Shares or the Debt Instruments or any options or futures contracts in relation to the Index, the Shares or the Debt Instruments respectively are traded due to the adoption of, or any change in, any applicable law, rule, regulation, judgment, order, directive or decree of any Government Authority or otherwise, or (b) for the Calculation Agent to determine a rate or (in the determination of the Calculation Agent) a commercially reasonable rate at which the Local Currency can be exchanged for the Settlement Currency for payment under the Securities;

**"Failure to Deliver due to Illiquidity"** means, following the exercise of Physical Delivery Securities, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets (the "Affected Relevant Assets") comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for the Relevant Assets;

**"Force Majeure Event"** means that, on or after the Trade Date, the performance of the Issuer's obligations under the Securities is prevented or materially hindered or delayed due to:

- (a) any act (other than a Market Disruption Event), law, rule, regulation, judgment, order, directive, interpretation, decree or material legislative or administrative interference of any Government Authority or otherwise; or
- (b) the occurrence of civil war, disruption, military action, unrest, political insurrection, terrorist activity of any kind, riot, public demonstration and/or protest, or any other financial or economic reasons or any other causes or impediments beyond such party's control; or
- (c) any expropriation, confiscation, requisition, nationalisation or other action taken or threatened by any Government Authority that deprives the Issuer or any of its Affiliates, of all or substantially all of its assets in the Local Currency jurisdiction;

**"Government Authority"** means any nation, state or government, any province or other political subdivision thereof, any body, agency or ministry, any taxing, monetary, foreign exchange or other authority, court, tribunal or other instrumentality and any other entity exercising, executive, legislative, judicial, regulatory or administrative functions of or pertaining to government;

**"Hedging Disruption"** means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) or any futures or option contracts it deems necessary to hedge the equity price risk or any other relevant price risk including but not limited to the currency risk of the Issuer issuing and performing its obligations with respect to the W&C Securities, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s), asset(s) or futures or options contract(s) or any relevant hedge positions relating to the W&C Securities;

**"Hedging Shares"** means the number of components comprised in an Index (in the case of Index Securities) or the number of Shares (in the case of Share Securities) that the Issuer and/or any of its Affiliates deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the W&C Securities;

**"Increased Cost of Hedging"** means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) or any futures or options contract on any Commodity or, in the case of a Commodity Index, Index Component (in the case of Commodity Securities) or, in respect of any Index Securities relating to a Custom Index, any relevant hedge positions relating to an Index, it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest risk) of the Issuer issuing and performing its obligations with respect to the W&C Securities, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s) or any such futures or options contract(s) or, in respect of any Index Securities relating to a Custom Index, any relevant hedge positions relating to an Index, provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging;

**"Increased Cost of Stock Borrow"** means that the Issuer and/or any of its Affiliates would incur a rate to borrow any component security comprised in an Index (in the case of Index Securities) or any Share (in the case of Share Securities) that is greater than the Initial Stock Loan Rate;

**"Initial Stock Loan Rate"** means, in respect of a component security comprised in an Index (in the case of Index Securities) or a Share (in the case of Share Securities), the initial stock loan rate specified in relation to such Share, security, component or commodity in the applicable Final Terms;

**"Insolvency Filing"** means that a Share Company or Basket Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Share Company or Basket Company shall not be deemed an Insolvency Filing;

**"Jurisdiction Event"** means that, on or after the Trade Date, it has become impracticable, illegal or impossible for the Issuer or any of its Affiliates to purchase, sell, hold or otherwise deal (or to continue to do so in the future) in the Index, the Shares or the Debt Instruments or any options or futures contracts in relation to the Index, the Shares or the Debt Instruments in order for the Issuer to perform its obligations under the W&C Securities or in respect of any relevant hedging arrangements in connection with the W&C Securities (including, without limitation, any purchase, sale or entry into or holding of one or more securities positions, currency positions, stock loan transactions, derivatives position, commodity position or other instruments or arrangements (however described) by the Issuer and/or any of its Affiliates in order to hedge, either individually or on a portfolio basis, the W&C Securities) or the costs of so doing would (in the sole and absolute determination of the Calculation Agent) be materially increased under the restriction or limitation of the existing or future law, rule, regulation, judgment, order, interpretation, directive or decree of any Government Authority or otherwise;

**"Loss of Stock Borrow"** means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any component security comprised in an Index (in the case of Index Securities) or any Share (in the case of Share Securities) in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate;

**"Maximum Stock Loan Rate"** means in respect of a component security comprised in an Index (in the case of Index Securities) or a Share (in the case of Share Securities), the Maximum Stock Loan Rate specified in the applicable Final Terms;

**"Optional Additional Disruption Event"** means any of Cancellation Event, Currency Event, Failure to Deliver due to Illiquidity, Force Majeure Event, Increased Cost of Hedging, Increased Cost of Stock Borrow, Jurisdiction Event, Insolvency Filing, Loss of Stock Borrow and/or Stop-Loss Event, in each case if specified in the applicable Final Terms;

**"Stop-Loss Event"** means, in respect of a Share, the price of any Share as quoted on the relevant Exchange for such Share at the Scheduled Closing Time on any Scheduled Trading Day that is not a Disrupted Day in respect of such Share on or after the Trade Date or, if later, the Strike Date, is less than 5 per cent., or such percentage specified in the applicable Final Terms, of its Strike Price or, if no Strike Price is specified in the applicable Final Terms, the price given as the benchmark price for such Share in the applicable Final Terms, all as determined by the Calculation Agent.

15.2 If Additional Disruption Events are specified as applicable in the applicable Final Terms and an Additional Disruption Event and/or an Optional Additional Disruption Event occurs (other than in respect of Failure to Deliver due to Illiquidity), the Issuer in its sole and absolute discretion may take the action described in (a) or, if applicable, (b), (c), (d) or (e), as the case may be, below:

(a) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement and/or the Exercise Price (in the case of Warrants) and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and/or Optional Additional Disruption Event and determine the effective date of that adjustment;

(b) in the case of Warrants, cancel the Warrants by giving notice to Holders in accordance with Condition 10. If the Warrants are so cancelled the Issuer will pay an amount to each Holder in respect of each Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by him which amount shall be equal to the fair market value of a Warrant or a Unit, as the case may be, taking into account the Additional Disruption Event and/or Optional Additional Disruption Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (unless provided for otherwise in the relevant Final Terms) plus, if applicable and already paid, the Exercise Price, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with Condition 10;

(c) in the case of Certificates,

(i) unless Delayed Redemption on Occurrence of Additional Disruption Event and/or Optional Additional Disruption Event is specified in the applicable Final Terms, on giving notice to Holders in accordance with Condition 10, redeem all but not some only of the Certificates, each Certificate being redeemed by payment of an amount equal to the fair market value of a Certificate taking into account the Additional Disruption Event and/or Optional Additional Disruption Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (unless provided for otherwise in the relevant Final Terms), all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with Condition 10; or

(ii) if Delayed Redemption on Occurrence of Additional Disruption Event and/or Optional Additional Disruption Event is specified as being applicable in the applicable Final Terms, the Calculation Agent shall calculate the fair market value of each Certificate, taking into account the Additional Disruption Event and/or Optional Additional Disruption Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Additional Disruption Amount**") as soon as practicable following the occurrence of the Additional Disruption Event and/or Optional Additional Disruption Event (the "**Calculated Additional Disruption Amount Determination Date**") and on the Redemption Date shall redeem each Certificate at an amount calculated by the Calculation Agent equal to (x) the Calculated Additional Disruption Amount plus interest accrued from and including the Calculated Additional Disruption Amount Determination Date to but excluding the Redemption Date at a rate equal to Issuer's funding cost at such time or (y) if Principal Protected



Termination Amount is specified as being applicable in the applicable Final Terms and if greater, the Notional Amount; or

- (d) in the case of Index Securities linked to a Custom Index, the Calculation Agent may use commercially reasonable efforts to select a successor index with a substantially similar formula for and method of calculation as the Custom Index within twenty (20) Scheduled Custom Index Business Days of the occurrence of the relevant Additional Disruption Event or Optional Additional Disruption Event and, upon selection of such successor index (the "**Successor Index**"), the Calculation Agent shall promptly notify the Issuer and the Issuer will give notice to the Holders in accordance with Condition 10 and such index shall become the Successor Index and deemed to be a "Custom Index" for the purposes of the Securities and the Calculation Agent will make such adjustment, if any, to one or more of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for the substitution. Such substitution and any relevant adjustment to the Terms and Conditions and/or the applicable Final Terms will be deemed to be effective as of the date selected by the Calculation Agent in its sole and absolute discretion which may, but need not be the date on which the relevant Additional Disruption Event or Optional Additional Disruption Event occurred; or
- (e) in the case of Share Securities linked to a Basket of Shares, the Calculation Agent may adjust the Basket of Shares to include a Share selected by it in accordance with the criteria for Share selection set out below (each a "**Substitute Share**") for each Share (each an "**Affected Share**") which is affected by the Additional Disruption Event and/or Optional Additional Disruption Event and the Substitute Share will be deemed to be a "**Share**" and the relevant issuer of such shares a "**Basket Company**" for the purposes of the W&C Securities, and the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (where the W&C Securities are Physical Delivery Securities) and/or the Exercise Price (in the case of Warrants) and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, provided that in the event that any amount payable under the W&C Securities was to be determined by reference to the Initial Price of the Affected Share, the Initial Price of each Substitute Share will be determined by the Calculation Agent in accordance with the following formula:

$$\text{InitialPrice} = A \times (B/C)$$

where:

"A" is the official closing price of the relevant Substitute Share on the relevant Exchange on the Substitution Date;

"B" is the Initial Price of the relevant Affected Share; and

"C" is the official closing price of the relevant Affected Share on the relevant Exchange on the Substitution Date.

Such substitution and the relevant adjustment to the Basket of Shares will be deemed to be effective as of the date selected by the Calculation Agent (the "**Substitution Date**") in its sole and absolute discretion and specified in the notice referred to below which may, but need not, be the relevant date of the Additional Disruption Event and/or Optional Additional Disruption Event.

The Weighting of each Substitute Share in the Basket of Shares will be equal to the Weighting of the relevant Affected Share.

In order to be selected as a Substitute Share, the relevant share must be a share which, in the sole and absolute discretion of the Calculation Agent:

- (i) is not already included in the Basket of Shares;

- (ii) the relevant issuer of such share belongs to the same economic sector as the Basket Company in respect of the Affected Share; and
- (iii) the relevant issuer of such share has a comparable market capitalisation, international standing and exposure as the Basket Company in respect of the Affected Share.

If a Failure to Deliver due to Illiquidity occurs:

- (A) subject as provided elsewhere in the Conditions, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Settlement Date (in the case of Warrants) or Redemption Date (in the case of Certificates) in accordance with Condition 5.1 and (in the case of Warrants) the Calculation Agent shall determine in its discretion the appropriate pro rata portion of the Exercise Price to be paid by the relevant Holder in respect of that partial settlement; and
- (B) in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant W&C Security or in the case of Warrants, if Units are specified in the applicable Final Terms, Unit, as the case may be, by payment to the relevant Holder of the Failure to Deliver Settlement Price on the fifth Business Day following the date that notice of such election is given to the Holders in accordance with Condition 10. Payment of the Failure to Deliver Settlement Price will be made in such manner as shall be notified to the Holders in accordance with Condition 10.

For the purposes hereof:

**"Failure to Deliver Settlement Price"** means, in respect of any relevant W&C Security, or in the case of Warrants, if Units are specified in the applicable Final Terms, Unit, as the case may be, the fair market value of such W&C Security or Unit, as the case may be (taking into account the Relevant Assets comprising the Entitlement which have been duly delivered as provided above), less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion, plus, in the case of Warrants, if applicable and already paid, the Exercise Price (or, where as provided above some Relevant Assets have been delivered, and a pro rata portion thereof has been paid, such pro rata portion).

- 15.3 Upon the occurrence of an Additional Disruption Event and/or Optional Additional Disruption Event, if the Calculation Agent determines that an adjustment in accordance with the above provisions is necessary it shall notify the Issuer thereof as soon as practicable and the Issuer shall give notice as soon as practicable to the Holders in accordance with Condition 10 stating the occurrence of the Additional Disruption Event and/or Optional Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

## 16. KNOCK-IN EVENT AND KNOCK-OUT EVENT

This Condition 16 applies to Index Securities, Share Securities, ETI Securities, Commodity Securities, Debt Securities, Currency Securities and Futures Securities only.

- 16.1 If "Knock-in Event" is specified as applicable in the applicable Final Terms, then, unless otherwise specified in such Final Terms, any payment and/or delivery, as applicable, under the relevant W&C Securities which is expressed in the applicable Final Terms to be subject to a Knock-in Event, shall be conditional upon the occurrence of such Knock-in Event.
- 16.2 If "Knock-out Event" is specified as applicable in the applicable Final Terms, then, unless otherwise specified in such Final Terms, any payment and/or delivery, as applicable, under the relevant W&C Securities which is expressed in the applicable Final Terms to be subject to a Knock-out Event, shall be conditional upon the occurrence of such Knock-out Event.

- 16.3 In respect of Index Securities, Share Securities, ETI Securities, Debt Securities and Futures Securities, if the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is the Valuation Time and if on any Knock-in Determination Day or Knock-out Determination Day (a) in respect of W&C Securities other than Custom Index Securities or Debt Securities, at any time during the one hour period that begins or ends at the Valuation Time the Level triggers the Knock-in Level or the Knock-out Level, a Trading Disruption, Exchange Disruption or Early Closure occurs or exists, or (b) in respect of Custom Index Securities or Debt Securities, a Custom Index Disruption Event or Market Disruption Event, as applicable, is occurring, then (i) if Disruption Consequences are specified as not applicable in the applicable Final Terms, a Knock-in Event or Knock-out Event may occur notwithstanding such Trading Disruption, Exchange Disruption, Early Closure, Custom Index Disruption Event or Market Disruption Event or (ii) if Disruption Consequences are specified as applicable in the applicable Final Terms, the Knock-in Event or the Knock-out Event shall be deemed not to have occurred; provided that if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the Level as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of "Valuation Date" for the purposes of determining the occurrence of a Knock-in Event or Knock-out Event.
- 16.4 In respect of Commodity Securities or Currency Securities, if the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is the Valuation Time and if any Knock-in Determination Day or Knock-out Determination Day is a Commodity Disrupted Day or a Disrupted Day, as applicable, then (i) if Disruption Consequences are specified as not applicable in the applicable Final Terms, a Knock-in Event or Knock-out Event may occur notwithstanding such day being a Commodity Disrupted Day or a Disrupted Day, as the case may be or (ii) if Disruption Consequences are specified as applicable in the applicable Final Terms, such Knock-in Determination Day or Knock-out Determination Day will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining the occurrence of a Knock-in Event or a Knock-out Event.
- 16.5 In respect of W&C Securities other than Custom Index Securities or Debt Securities, if the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is any time or period of time during the regular trading hours on the relevant Exchange and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one-hour period that begins or ends at the time on which the Level triggers the Knock-in Level or the Knock-out Level, (a) in the case of Index Securities, Share Securities, ETI Securities and Futures Securities, a Trading Disruption, Exchange Disruption or Early Closure, (b) in the case of Currency Securities, a Disruption Event or (c) in the case of Commodity Securities, a Market Disruption Event, in each case occurs or exists, then (i) if Disruption Consequences are specified as not applicable in the applicable Final Terms, a Knock-in Event or Knock-out Event may occur notwithstanding such Trading Disruption, Exchange Disruption, Early Closure, Disruption Event or Market Disruption Event or (ii) if Disruption Consequences are specified as applicable in the applicable Final Terms, the Knock-in Event or the Knock-out Event shall be deemed not to have occurred, provided that, in the case of W&C Securities other than Commodity Securities or Currency Securities, if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the Level as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of "Valuation Date" for the purposes of determining the occurrence of a Knock-in Event or Knock-out Event.
- 16.6 In respect of Debt Securities, if the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is any time or period of time during the regular trading hours on the exchange on which the relevant Debt Instrument is traded or on any exchange on which options contracts or futures contracts with respect to such Debt Instrument are traded and if on any Knock-in Determination Day or Knock-out

Determination Day and at any time at which the Level triggers the Knock-in Level or the Knock-out Level, a Market Disruption Event has occurred or is occurring, then (i) if Disruption Consequences are specified as not applicable in the applicable Final Terms, a Knock-in Event or Knock-out Event may occur notwithstanding such Market Disruption Event or (ii) if Disruption Consequences are specified as applicable in the applicable Final Terms, the Knock-in Event or the Knock-out Event shall be deemed not to have occurred, provided that if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the Level as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of "Valuation Date" for the purposes of determining the occurrence of a Knock-in Event or Knock-out Event.

#### 16.7 Definitions relating to Knock-in Event/Knock-out Event

Unless otherwise specified in the applicable Final Terms:

**"Knock-in Determination Day"** means the date(s) specified as such in the applicable Final Terms;

**"Knock-in Determination Period"** means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date;

**"Knock-in Event"** means:

- (a) (in respect of a single Underlying Reference) that the Level determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day is; or
- (b) (in respect of a Basket of Underlying References) that the amount determined by the Calculation Agent equal to the sum of the values of each Underlying Reference as the product of (x) the Level of such Underlying Reference as determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day and (y) the relevant Weighting is,

(A) "greater than", "greater than or equal to", "less than" or "less than or equal to" the Knock-in Level or, if applicable, (B) "within" the Knock-in Range Level, in each case as specified in the applicable Final Terms;

**"Knock-in Level"** means the level specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in the Relevant Adjustment Provisions;

**"Knock-in Observation Price Source"** means the source specified as such in the applicable Final Terms;

**"Knock-in Period Beginning Date"** means the date specified as such in the applicable Final Terms or, if the Knock-in Period Beginning Date Day Convention is specified as applicable in the applicable Final Terms and such date is not a Scheduled Trading Day (in the case of W&C Securities other than Commodity Securities or Custom Index Securities), a Commodity Business Day (in the case of Commodity Securities) or a Scheduled Custom Index Business Day (in the case of Custom Index Securities), the next following Scheduled Trading Day, Commodity Business Day or Scheduled Custom Index Business Day, as the case may be;

**"Knock-in Period Ending Date"** means the date specified as such in the applicable Final Terms or, if the Knock-in Period Ending Date Day Convention is specified as applicable in the applicable Final Terms and such date is not a Scheduled Trading Day (in the case of W&C Securities other than Commodity Securities or Custom Index Securities), a Commodity Business Day (in the case of Commodity Securities) or a Scheduled Custom Index Business Day (in the case of Custom Index Securities), the next following Scheduled Trading Day, Commodity Business Day or Scheduled Custom Index Business Day, as the case may be;

**"Knock-in Range Level"** means the range of Levels specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in the Relevant Adjustment Provisions;

**"Knock-in Valuation Time"** means the time or period of time on any Knock-in Determination Day specified as such in the applicable Final Terms or in the event that the applicable Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time;

**"Knock-out Determination Day"** means the date(s) specified as such in the applicable Final Terms, or each Scheduled Trading Day during the Knock-out Determination Period;

**"Knock-out Determination Period"** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date;

**"Knock-out Event"** means:

- (a) (in respect of a single Underlying Reference) that the Level determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day is; or
  - (b) (in respect of a Basket of Underlying References) that the amount determined by the Calculation Agent equal to the sum of the values of each Underlying References as the product of (x) the Level of such Underlying Reference as determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day and (y) the relevant Weighting is,
- (A) "greater than", "greater than or equal to", "less than" or "less than or equal to" the Knock-out Level or, if applicable, (B) "within" the Knock-out Range Level, in each case, as specified in the applicable Final Terms;

**"Knock-out Level"** means the level specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in the Relevant Adjustment Provisions;

**"Knock-out Observation Price Source"** means the source specified as such in the applicable Final Terms;

**"Knock-out Period Beginning Date"** means the date specified as such in the applicable Final Terms or, if the Knock-out Period Beginning Date Day Convention is specified as applicable in the applicable Final Terms and such date is not a Scheduled Trading Day (in the case of W&C Securities other than Commodity Securities or Custom Index Securities), a Commodity Business Day (in the case of Commodity Securities) or a Scheduled Custom Index Business Day (in the case of Custom Index Securities), the next following Scheduled Trading Day, Commodity Business Day or Scheduled Custom Index Business Day, as the case may be;

**"Knock-out Period Ending Date"** means the date specified as such in the applicable Final Terms or, if the Knock-out Period Ending Date Day Convention is specified as applicable in the applicable Final Terms and such date is not a Scheduled Trading Day (in the case of W&C Securities other than Commodity Securities or Custom Index Securities), a Commodity Business Day (in the case of Commodity Securities) or a Scheduled Custom Index Business Day (in the case of Custom Index Securities), the next following Scheduled Trading Day, Scheduled Commodity Business Day or Custom Index Business Day, as the case may be;

**"Knock-out Range Level"** means the range of Levels specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in the Relevant Adjustment Provisions;

**"Knock-out Valuation Time"** means the time or period of time on any Knock-out Determination Day specified as such in the applicable Final Terms or in the event that the applicable Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time;

**"Level"** means, for the purposes of this Condition 16, (i) the "official level", "official close", "last price", "traded price", "bid price" or "asked price" of the Underlying Reference, as specified in the applicable Final Terms, published by the Knock-in Observation Price Source or Knock-out Observation Price Source, as applicable, or (ii) if "Standard Level" is specified as applicable in the applicable Final Terms (a) in the case of Share Securities, ETI Securities, Debt Securities and Futures Securities, the price of the relevant Underlying Reference, (b) in the case of Index Securities and Custom Index Securities, the level of the relevant Underlying Reference (c) in the case of Commodity Securities, the Relevant Price, or (d) in the case of Currency Securities, the spot rate of exchange for the exchange of the Subject Currency into the Base Currency (expressed as the number of units (or part units) of such Subject Currency for which one unit of the Base Currency can be exchanged), in each case determined by the Calculation Agent as of the Knock-in Valuation Time or Knock-out Valuation Time on any Knock-in Determination Day or Knock-out Determination Day, as applicable, or, in the case of the "official close" level, at such time as the official close is published by the Knock-in Observation Price Source or Knock-out Observation Price Source, as applicable;

**"Relevant Adjustment Provisions"** means:

- (a) in the case of Index Securities, Index Security Condition 2 (*Market Disruption*) and Index Security Condition 3 (*Adjustments to an Index*);
- (b) in the case of Custom Index Securities, Custom Index Security Condition 6 (*Adjustments to a Custom Index and Custom Index Disruption*);
- (c) in the case of Share Securities, Share Security Condition 2 (*Market Disruption*), Share Security Condition 3 (*Potential Adjustment Events*) and Share Security Condition 4 (*Extraordinary Events*);
- (d) in the case of ETI Securities, ETI Security Condition 2 (*Market Disruption*) and ETI Security Condition 3 (*Potential Adjustment Events*);
- (e) in the case of Commodity Securities, Commodity Security Condition 2 (*Market Disruption*) and Commodity Security Condition 3 (*Consequences of a Market Disruption Event and Disruption Fallbacks*);
- (f) in the case of Currency Securities, Currency Security Condition 2 (*Disruption Events*) and Currency Security Condition 3 (*Consequences of a Disruption Event*);
- (g) in the case of Debt Securities, Debt Security Condition 3 (*Market Disruption*), Debt Security Condition 4 (*Correction of Debt Instrument Price*) and Debt Security Condition 5 (*Redemption or Cancellation of a Debt Instrument*); and
- (h) in the case of Futures Securities, Futures Security Condition 3 (*Adjustments to a Future*); and

**"Underlying Reference"** means, for the purposes of this Condition 16, each Index, Custom Index, Share, ETI Interest, Commodity, Commodity Index, Subject Currency, Future or other basis of reference to which the relevant W&C Securities relate.

## 17. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

The Issuer may, without the consent of the Holders, on giving notice to the Holders in accordance with Condition 10:

- (a) elect that, with effect from the Adjustment Date specified in the notice, certain terms of the W&C Securities shall be redenominated in euro.

The election will have effect as follows:

- (i) where the Settlement Currency of the W&C Securities is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union, such Settlement Currency

shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide, after consultation with the Calculation Agent, and as may be specified in the notice, and after the Adjustment Date, all payments of the Cash Settlement Amount in respect of the W&C Securities will be made solely in euro as though references in the W&C Securities to the Settlement Currency were to euro;

- (ii) where the Exchange Rate and/or any other terms of these Terms and Conditions are expressed in or, in the case of the Exchange Rate, contemplate the exchange from or into, the currency (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union, such Exchange Rate and/or any other terms of these Terms and Conditions shall be deemed to be expressed in or, in the case of the Exchange Rate, converted from or, as the case may be into, euro at the Established Rate; and
  - (iii) such other changes shall be made to these Terms and Conditions as the Issuer may decide, after consultation with the Calculation Agent to conform them to conventions then applicable to instruments expressed in euro; and/or
- (b) require that the Calculation Agent make such adjustments to the Weighting and/or the Settlement Price and/or the Exercise Price (in the case of Warrants) and/or any other terms of these Terms and Conditions and/or the Final Terms as the Calculation Agent, in its sole discretion, may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union on the Weighting and/or the Settlement Price and/or the Exercise Price (in the case of Warrants) and/or such other terms of these Terms and Conditions.

Notwithstanding the foregoing, none of the Issuer, the Guarantor, if any, the Calculation Agent and the Security Agents shall be liable to any Holder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith.

In this Condition, the following expressions have the following meanings:

"**Adjustment Date**" means a date specified by the Issuer in the notice given to the Holders pursuant to this Condition which falls on or after the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

"**Established Rate**" means the rate for the conversion of the Original Currency (including compliance with rules relating to rounding in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

"**euro**" means the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty;

"**National Currency Unit**" means the unit of the currency of a country, as those units are defined on the day before the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union; and

"**Treaty**" means the Treaty on the Functioning of the European Union, as amended.

## **18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

The English Law Securities do not confer on a third party any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of such W&C Securities but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## 19. TERMS APPLICABLE TO WARRANTS ONLY

Conditions 20 to 25 apply to Warrants only.

## 20. DEFINITIONS (WARRANTS)

**"Actual Exercise Date"** means the Exercise Date (in the case of European Style Warrants) or, subject to Condition 24, the date during the Exercise Period (in the case of American Style Warrants) on which the Warrant is actually or is deemed exercised or, if Automatic Exercise is specified in the applicable Final Terms, is automatically exercised (as more fully set out in Condition 24);

**"Averaging Date"** means, in respect of an Actual Exercise Date:

- (a) in the case of Index Securities (other than Index Securities relating to a Custom Index or Basket of Custom Indices (each as defined in Annex 1)), Share Securities, ETI Securities, Debt Securities, Fund Securities or Futures Securities, each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day, then:
  - (i) if "Omission" is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price provided that, if through the operation of this provision no Averaging Date would occur in respect of such Actual Exercise Date, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant level, price or amount on the final Averaging Date with respect to that Actual Exercise Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
  - (ii) if "Postponement" is specified as applying in the applicable Final Terms, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
  - (iii) if "Modified Postponement" is specified as applying in the applicable Final Terms then:
    - (A) where the Warrants are Index Securities relating to a single Index (other than a Component Security Index), Share Securities relating to a single Share, ETI Securities relating to a single ETI Interest, or Futures Securities relating to a single Future, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of such Actual Exercise Date, then (I) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date), and (II) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with subparagraph (a)(i) of the definition of "Valuation Date" below;
    - (B) where the Warrants are Index Securities relating to a single Component Security Index, the Calculation Agent shall determine the level of the Component Security Index for the Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of "Valuation Date" below and the Averaging Date shall be deemed to be the earliest date on which the Calculation Agent



determines the relevant level of the Component Security Index in accordance with the provisions of sub-paragraph (a)(ii) of the definition of "Valuation Date" below;

- (C) where the Warrants are Index Securities relating to a Basket of Indices (other than a Basket of Component Security Indices), Share Securities relating to a Basket of Shares, ETI Securities relating to a Basket of ETI Interests or Futures Securities relating to a Basket of Futures, the Averaging Date for each Index, Share, ETI Interest or Future not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the "**Scheduled Averaging Date**") and the Averaging Date for each Index, Share or Future affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Index, Share, ETI Interest or Future. If the first succeeding Valid Date in relation to such Index, Share, ETI Interest or Future has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of such Actual Exercise Date, then (I) that last such consecutive Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date) in respect of such Index, Share, ETI Interest or Future and (II) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with subparagraph (a)(i) of the definition of "Valuation Date" below;
  - (D) where the Warrants are Index Securities relating to a Basket of Component Security Indices, the Averaging Date for each Component Security Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Averaging Date, and for each Component Security Index affected (each, an "**Affected Item**") by the occurrence of a Disrupted Day, the Calculation Agent shall determine the level of the Component Security Index in accordance with the provisions of sub-paragraph (a)(iv) of the definition of "Valuation Date" below and the Averaging Date shall be deemed to be the earliest date on which the Calculation Agent determines the level of the Component Security Index in accordance with the provisions of subparagraph (a)(iv) of the definition of "Valuation Date" below; or
  - (E) where the Warrants are Debt Securities, provisions for determining the Averaging Date in the event of Modified Postponement applying will be set out in the applicable Final Terms; or
- (b) in the case of Commodity Securities, each date specified as such in the applicable Final Terms or, if any such date is not a Commodity Business Day, the immediately following Commodity Business Day unless, in the opinion of the Calculation Agent any such day is a day on which a Market Disruption Event has occurred or is continuing, in which case the provisions of Commodity Security Condition 3 (Consequences of a Market Disruption Event and Disruption Fallbacks) shall apply;

"**Cash Settlement Amount**" means, in relation to Cash Settled Warrants, the amount to which the Holder is entitled in the Settlement Currency in relation to each such Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, as determined by the Calculation Agent pursuant to the provisions set out in the applicable Final Terms. The Cash Settlement Amount shall be rounded to the nearest sub-unit of the relevant Settlement Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention, unless otherwise specified in the applicable Final Terms;

"**English Law Warrants**" means the Warrants specified in the applicable Final Terms as being governed by English law;

"**Entitlement**" means in relation to a Physical Delivery Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, the quantity of the Relevant Asset or the Relevant Assets, as the case may be, which a Holder is entitled to receive on the Settlement Date in respect of each such Warrant or Unit, as the case may be, following

payment of the Exercise Price (and any other sums payable) (including Expenses as defined in Condition 11) rounded down as provided in Condition 23.3, as determined by the Calculation Agent including any documents evidencing such Entitlement;

**"Exercise Business Day"** means:

- (a) in the case of Cash Settled Warrants, a day that is a Business Day; and
- (b) in the case of Physical Delivery Warrants, a day that is a Business Day and a Scheduled Trading Day;

**"Expiration Date"** means the last day of the Exercise Period;

**"French Law Warrants"** means the Warrants specified in the applicable Final Terms as being governed by French law;

**"Observation Date"** means each date specified as an Observation Date in the applicable Final Terms. The provisions contained in the definition of "Averaging Date" shall apply *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Observation Date";

**"Observation Period"** means the period specified as the Observation Period in the applicable Final Terms;

**"Settlement Date"** means, unless specified otherwise in the applicable Final Terms:

- (a) in relation to Cash Settled Warrants:
  - (i) (other than in respect of Commodity Securities or Inflation Index Securities) in relation to each Actual Exercise Date, (A) where Averaging is not specified in the applicable Final Terms, the fifth Business Day following the Valuation Date provided that if the Warrants are Index Securities relating to a Basket of Indices, Share Securities relating to a Basket of Shares, ETI Securities relating to a Basket of ETI Interests, Debt Securities relating to a Basket of Debt Instruments, Fund Securities relating to a Basket of Fund Shares or Futures Securities relating to a basket of Futures and the occurrence of a Disrupted Day has resulted in a Valuation Date for one or more Indices, Shares, ETI Interests, Debt Instruments, Fund Shares or Futures, as the case may be, being adjusted as set out in the definition of "Valuation Date" below, the Settlement Date shall be the fifth Business Day next following the last occurring Valuation Date in relation to any Index, Share, ETI Interest, Debt Instrument, Fund Share or Future, as the case may be, or (B) where Averaging is specified in the applicable Final Terms, the fifth Business Day following the last occurring Averaging Date provided that where the Warrants are Index Securities relating to a Basket of Indices, Share Securities relating to a Basket of Shares, ETI Securities relating to a Basket of ETI Interests, Debt Securities relating to a Basket of Debt Instruments, Fund Securities relating to a Basket of Fund Shares or Futures Securities relating to a basket of Futures and the occurrence of a Disrupted Day has resulted in an Averaging Date for one or more Indices, Shares, ETI Interests, Debt Instruments, Fund Shares or Futures, as the case may be, being adjusted as set out in the definition of "Averaging Date" above, the Settlement Date shall be the fifth Business Day next following the last occurring Averaging Date in relation to any Index, Share, ETI Interest, Debt Instrument, Commodity or Commodity Index, Fund Share or Future, as the case may be; or
  - (ii) in respect of Commodity Securities or Inflation Index Securities, the date as specified in the applicable Final Terms; and
- (b) in relation to Physical Delivery Warrants, the date specified as such in the applicable Final Terms;

**"Valid Date"** means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in relation to the Actual Exercise Date or another Observation Date does not or is deemed not to occur;

**"Valuation Date"** means:

- (a) in the case of Index Securities (other than Index Securities relating to a Custom Index or Basket of Custom Indices), Share Securities, ETI Securities, Debt Instruments or Futures Securities, unless otherwise specified in the applicable Final Terms, the first Scheduled Trading Day following the Actual Exercise Date of the relevant Warrant unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:
- (i) where the Warrants are Index Securities relating to a single Index (other than a Component Securities Index), Share Securities relating to a single Share, ETI Securities relating to a single ETI Interest, Debt Securities relating to a single Debt Instrument or Futures Securities relating to a single Future, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (A) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (B) the Calculation Agent shall determine the Settlement Price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the Settlement Price:
    - (A) in the case of Index Securities, by determining the level of the Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the last such Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the last such consecutive Scheduled Trading Day); or
    - (B) in the case of Share Securities, ETI Securities, Debt Securities or Futures Securities, in accordance with its good faith estimate of the Settlement Price as of the Valuation Time on the last such consecutive Scheduled Trading Day; or
  - (ii) where the Warrants are Index Securities relating to a single Component Security Index, the Calculation Agent shall determine the relevant level for such Component Security Index using the formula for and method of calculating such Component Security Index last in effect prior to the occurrence of the first Disrupted Day using:
    - (A) in respect of each Component Security not affected by a Market Disruption Event on the Scheduled Valuation Date, the exchange traded or quoted price of such Component Security as of the Valuation Time on the Scheduled Valuation Date; and
    - (B) in respect of each Component Security affected (each, an "**Affected Component Security**") by a Market Disruption Event on the Scheduled Valuation Date, the exchange traded or quoted price for each Affected Component Security on the first succeeding Scheduled Trading Day on which no Market Disruption Event occurs or is continuing with respect to the Affected Component Security, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a day on which a Market Disruption Event occurs or is continuing with respect to the Affected Component Security, in which case, the Calculation Agent shall determine the value, amount, level or price of such Affected Component Security using its good faith estimate of the value, amount, level or price of the relevant Affected Component Security as of the Valuation Time on the last such consecutive Scheduled Trading Day; and

the Valuation Date shall be deemed to be the earliest date on which the Calculation Agent determines the level of the Component Security Index in accordance with the above provisions; or

- (iii) where the Warrants are Index Securities relating to a Basket of Indices (other than a Basket of Component Security Indices), Share Securities relating to a Basket of Shares, ETI Securities relating to a Basket of ETI Interests, Debt Securities relating to a Basket of Debt Instruments or Futures Securities relating to a Basket of Futures, the Valuation Date for each Index, Share, ETI Interest, Debt Instrument or Future, as the case may be, not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index, Share, ETI Interest, Debt Instrument or Future affected, as the case may be (each an "**Affected Item**"), by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case, (A) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (B) the Calculation Agent shall determine the Settlement Price using, in relation to the Affected Item, the level or value as applicable, determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using:
  - (A) in the case of an Index, the level of that Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the last such consecutive Scheduled Trading Day); or
  - (B) in the case of a Share, ETI Interest, Debt Instrument or Future, its good faith estimate of the value for the Affected Item as of the Valuation Time on the last such consecutive Scheduled Trading Day; and
- (iv) where the Warrants are Index Securities relating to a Basket of Component Security Indices, the Valuation Date for each Component Security Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and for each Component Security Index affected (each, an "**Affected Item**") by the occurrence of a Disrupted Day, the Calculation Agent shall determine the level of that Component Security Index using the formula for and method of calculating that Component Security Index last in effect prior to the occurrence of the first Disrupted Day, using:
  - (A) in respect of each Component Security not affected by a Market Disruption Event on the Scheduled Valuation Date, the exchange traded or quoted price of such Component Security as of the Valuation Time on the Scheduled Valuation Date; and
  - (B) in respect of each Component Security affected (each, an "**Affected Component Security**") by a Market Disruption Event on the Scheduled Valuation Date, the exchange traded or quoted price for each Affected Component Security on the first succeeding Scheduled Trading Day on which no Market Disruption Event occurs or is continuing with respect to the Affected Component Security, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a day on which a Market Disruption Event occurs or is continuing with respect to the Affected Component Security, in which case, the Calculation Agent shall determine the value, amount, level or price of such Affected Component Security using its good faith estimate of the

value, amount, level or price of the relevant Affected Component Security as of the Valuation Time on the last such consecutive Scheduled Trading Day; and

the Valuation Date shall be deemed to be the earliest date on which the Calculation Agent determines the level of the Component Security Index in accordance with the above provisions; or

(b) in the case of Commodity Securities, the Final Pricing Date,

and otherwise in accordance with the above provisions; and

**"Valuation Time"** means:

(a) the Valuation Time specified in the applicable Final Terms; or

(b) if not set out in the applicable Final Terms, in the case of Index Securities relating to a Composite Index, unless otherwise specified in the applicable Final Terms, (i) for the purposes of determining whether a Market Disruption Event has occurred (A) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (B) in respect of any options contracts or futures contracts on such Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of such Index is calculated and published by the Index Sponsor; or

(c) if not set out in the applicable Final Terms, in the case of Index Securities relating to Indices other than Composite Indices, Share Securities or ETI Securities, unless otherwise specified in the applicable Final Terms, the Scheduled Closing Time on the relevant Exchange on the relevant Strike Date, Valuation Date, Observation Date or Averaging Date, as the case may be, in relation to each Index, Share or ETI Interest to be valued, provided that if the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

## **21. FORM OF WARRANTS**

The form of Warrants is as set out in Condition 2.2 above.

## **22. TYPE OF WARRANTS**

The applicable Final Terms will indicate whether the Warrants are American style Warrants ("**American Style Warrants**") or European style Warrants ("**European Style Warrants**") or such other type as may be specified in the applicable Final Terms, in the case of Cash Settled Warrants whether automatic exercise ("**Automatic Exercise**") applies to the Warrants, whether settlement shall be by way of cash payment ("**Cash Settled Warrants**") or physical delivery ("**Physical Delivery Warrants**"), whether the Warrants are call Warrants ("**Call Warrants**") or put Warrants ("**Put Warrants**"), or such other type as may be specified in the applicable Final Terms, whether the Warrants may only be exercised in units ("**Units**") and whether Averaging ("**Averaging**") will apply to the Warrants. If Units are specified in the applicable Final Terms, Warrants must be exercised in Units and any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.

## **23. EXERCISE RIGHTS (WARRANTS)**

### **23.1 Exercise of Warrants**

(a) American Style Warrants

American Style Warrants are exercisable on any Exercise Business Day during the Exercise Period.

If (i) the Warrants are Cash Settled Warrants and Automatic Exercise is not specified as applying in the applicable Final Terms or (ii) if the Warrants are Physical Delivery Warrants, any American Style Warrant with respect to which no exercise notice (as defined below) has been delivered in the manner set out in Condition 24, at or prior to 10.00 a.m. (Local Time) on the Expiration Date, shall become void.

If the Warrants are Cash Settled Warrants and Automatic Exercise is specified as applying in the applicable Final Terms, any such American Style Warrant shall be automatically exercised on the Expiration Date and the provisions of Condition 24.6 shall apply.

The Exercise Business Day during the Exercise Period on which an Exercise Notice is delivered prior to 10.00 a.m. (Local Time) to the Principal Security Agent and a copy thereof is delivered to the Issuer or, if the Warrants are Cash Settled Warrants and Automatic Exercise is specified as applying in the applicable Final Terms, the Expiration Date, is referred to herein as the "**Actual Exercise Date**". If any Exercise Notice is received by the Principal Security Agent or if a copy thereof is delivered to the Issuer, in each case, after 10.00 a.m. (Local Time) on any Exercise Business Day during the Exercise Period, such Exercise Notice will be deemed to have been delivered on the next Exercise Business Day, which Exercise Business Day shall be deemed to be the Actual Exercise Date, provided that any such Warrant in respect of which no Exercise Notice has been delivered in the manner set out in Condition 24.6 at or prior to 10.00 a.m. (Local Time) on the Expiration Date shall (A) (I) if the Warrants are Cash Settled Warrants and Automatic Exercise is not specified as applying in the applicable Final Terms or (II) if the Warrants are Physical Delivery Warrants, become void or (B) if the Warrants are Cash Settled Warrants and Automatic Exercise is specified as applying in the applicable Final Terms, be automatically exercised on the Expiration Date as provided above.

(b) European Style Warrants

European Style Warrants are only exercisable on the Exercise Date.

If (i) the Warrants are Cash Settled Warrants and Automatic Exercise is not specified as applying in the applicable Final Terms or (ii) the Warrants are Physical Delivery Warrants, any European Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 24, at or prior to 10.00 a.m. (Local Time) on the Actual Exercise Date, shall become void.

If the Warrants are Cash Settled Warrants and Automatic Exercise is specified as applying in the applicable Final Terms, any such European Style Warrant shall be automatically exercised on the Actual Exercise Date and the provisions of Condition 24.6 shall apply.

## 23.2 Cash Settlement

If the Warrants are Cash Settled Warrants, each such Warrant or, if Units are specified in the applicable Final Terms, each Unit entitles its Holder, upon due exercise and subject to certification as to non U.S. beneficial ownership, to receive from the Issuer on the Settlement Date a Cash Settlement Amount calculated by the Calculation Agent (which shall not be less than zero) equal unless otherwise specified in the applicable Final Terms to:

(a) where Averaging is not specified in the applicable Final Terms:

(i) if such Warrants are Call Warrants,

(Settlement Price less Exercise Price) multiplied by, in the case of Debt Securities only, the nominal amount and divided by, in the case of Warrants in respect of which a Parity is specified in the applicable Final Terms, such Parity;

(ii) if such Warrants are Put Warrants,

(Exercise Price less Settlement Price) multiplied by, in the case of Debt Securities only, the nominal amount and divided by, in the case of Warrants in respect of which a Parity is specified in the applicable Final Terms, such Parity; and

- (iii) if such Warrants are not Call Warrants or Put Warrants, settlement will be as specified in the applicable Final Terms;

(b) where Averaging is specified in the applicable Final Terms:

- (i) if such Warrants are Call Warrants,

(the arithmetic mean of the Settlement Prices for all the Averaging Dates less Exercise Price) multiplied by, in the case of Debt Securities only, the nominal amount and divided by, in the case of Warrants in respect of which a Parity is specified in the applicable Final Terms, such Parity;

- (ii) if such Warrants are Put Warrants,

(Exercise Price less the arithmetic mean of the Settlement Prices for all the Averaging Dates) multiplied by, in the case of Debt Securities only, the nominal amount and divided by, in the case of Warrants in respect of which a Parity is specified in the applicable Final Terms, such Parity; and

- (iii) if such Warrants are neither Call Warrants nor Put Warrants, settlement will be as specified in the applicable Final Terms.

Any amount determined pursuant to the above, if not an amount in the Settlement Currency, will be converted into the Settlement Currency at the Exchange Rate specified in the applicable Final Terms for the purposes of determining the Cash Settlement Amount. The Cash Settlement Amount will be rounded to the nearest two decimal places in the relevant Settlement Currency, 0.005 being rounded upwards, with Warrants exercised at the same time by the same Holder being aggregated for the purpose of determining the aggregate Cash Settlement Amounts payable in respect of such Warrants or Units, as the case may be. In such cases, the formula for determining the Cash Settlement Amount may include a deduction for sales tax in the manner specified in the applicable Final Terms.

### 23.3 Physical Settlement

If the Warrants are Physical Delivery Warrants, each such Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, entitles its Holder, upon due exercise and subject to certification as to non U.S. beneficial ownership, to receive from the Issuer on the Settlement Date the Entitlement subject to payment of the relevant Exercise Price and any other sums payable. The method of delivery of the Entitlement is set out in the applicable Final Terms.

Warrants or Units, as the case may be, exercised at the same time by the same Holder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Warrants or Units, as the case may be, provided that the aggregate Entitlements in respect of the same Holder will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and no cash adjustment will be made in respect thereof.

Following exercise of a Share Security which is a Physical Delivery Warrant, all dividends on the relevant Shares to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the relevant Actual Exercise Date and to be delivered in the same manner as such relevant Shares. Any such dividends to be paid to a Holder will be paid to the account specified by the Holder in the relevant Exercise Notice as referred to in Condition 24.

Commodity Securities shall not be Physical Delivery Warrants.

## 23.4 General

In relation to any Cash Settled Warrants where Automatic Exercise is specified as applying in the applicable Final Terms, the expressions "**exercise**", "**due exercise**" and related expressions shall be construed to apply to any such Cash Settled Warrants which are automatically exercised in accordance with the above provisions.

## 24. EXERCISE PROCEDURE (WARRANTS)

### 24.1 Exercise Notice

Subject as provided in Condition 24.6, Warrants may only be exercised by the delivery in a manner acceptable to the Principal Security Agent of a duly completed exercise notice in the form set out in the Agency Agreement (copies of which form may be obtained from the Principal Security Agent) (an "**Exercise Notice**") to the Principal Security Agent with a copy to the Issuer in accordance with the provisions set out in Condition 23 and this Condition.

- (a) In the case of Cash Settled Warrants, the Exercise Notice shall:
- (i) specify the Series number of the Warrants and the number of Warrants being exercised and, if Units are specified in the applicable Final Terms, the number of Units being exercised;
  - (ii) specify the number of the Holder's securities account at the Relevant Intermediary to be debited with the Warrants being exercised;
  - (iii) irrevocably instruct the Relevant Intermediary to debit on or before the Settlement Date the Holder's securities account with the Warrants being exercised;
  - (iv) specify details of the Holder's account to be credited with the Cash Settlement Amount (if any) for each Warrant or Unit, as the case may be, being exercised;
  - (v) include an undertaking to pay all Expenses, and an authority to the Principal Security Agent to deduct an amount in respect thereof from any Cash Settlement Amount due to such Holder and/or instruct the Relevant Intermediary to debit a specified account of the Holder at the Relevant Intermediary and to pay such Expenses;
  - (vi) certify that the beneficial owner of each Warrant being exercised is not a U.S. person (as defined in the Exercise Notice), the Warrant is not being exercised within the United States or on behalf of a U.S. person (as defined in the Exercise Notice) and no cash has been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person (as defined in the Exercise Notice) in connection with any exercise thereof; and, where appropriate, undertake to provide such various forms of certification in respect of restrictions under the securities, commodities, tax and other laws of the United States of America as required by BNPP or indicated and set out in the applicable Final Terms; and
  - (vii) authorise the production of such certification in any applicable administrative or legal proceedings,
- all as provided in the Agency Agreement.
- (b) In the case of Physical Delivery Warrants, the Exercise Notice shall:
- (i) specify the Series number of the Warrants and the number of Warrants being exercised and, if Units are specified in the applicable Final Terms, the number of Units being exercised;
  - (ii) specify the number of the Holder's securities account at the Relevant Intermediary to be debited with the Warrants being exercised;



- (iii) irrevocably instruct the Relevant Intermediary to debit on or before the Settlement Date the Holder's securities account with the Warrants being exercised or Units, as the case may be, being exercised;
- (iv) include an undertaking to pay the aggregate Exercise Prices in respect of such Warrants or Units, as the case may be (together with any other amounts payable) and/ or irrevocably instruct the Relevant Intermediary to debit on the Actual Exercise Date a specified account of the Holder with the aggregate Exercise Prices in respect of such Warrants or Units, as the case may be (together with any other amounts payable);
- (v) include an undertaking to pay all Expenses and/or instruct the Relevant Intermediary to debit a specified account of the Holder at the Relevant Intermediary in respect thereof and to pay such Expenses;
- (vi) include such details as are required by the applicable Final Terms for delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and (A) specify the name and the number of the Holder's account to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting the Entitlement or any dividends relating to the Entitlement or as a result of the occurrence of a Settlement Disruption Event or a Failure to Deliver due to Illiquidity and the Issuer electing to pay the Disruption Cash Settlement Price or Failure to Deliver Settlement Price, as applicable, or as a result of the Issuer electing to pay the Alternate Cash Amount;
- (vii) in the case of Currency Securities only, specify the number of the Holder's account to be credited with the amount due upon exercise of the Warrants or Units, as the case may be;
- (viii) certify that the beneficial owner of each Warrant being exercised is not a U.S. person (as defined in the Exercise Notice), the Warrant is not being exercised within the United States or on behalf of a U.S. person (as defined in the Exercise Notice) and no cash, securities or other property has been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person (as defined in the Exercise Notice) in connection with any exercise thereof and, where appropriate, undertake to provide such various forms of certification in respect of restrictions under the securities, commodities, tax and other laws of the United States of America as indicated and set out in the applicable Final Terms; and
- (ix) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Agency Agreement.

- (c) If Condition 5.3(b) applies, the form of Exercise Notice required to be delivered will be different from that set out above. Copies of such Exercise Notice may be obtained from the Principal Security Agent during normal office hours.

If Condition 5.3(b) applies, unless the applicable Final Terms specifies otherwise, Holders will be required to deliver an Exercise Notice specifying appropriate information relating to the settlement of Cash Settled Warrants.

## 24.2 Verification of the Holder

Upon receipt of an Exercise Notice, the Principal Security Agent shall verify that the person exercising the Warrants is the holder thereof according to the books of the Relevant Intermediary. Subject thereto, the Principal Security Agent will confirm to the Issuer the series number and the number of Warrants being exercised and the account details of the Holder, if applicable, for the payment of the Cash Settlement Amount or, as the case may be, the details for the delivery of the Entitlement of each Warrant or Unit, as the case may be, being exercised. The Principal Security Agent will instruct the Relevant Intermediary to on or before the Settlement Date debit the securities account of the relevant Holder with the Warrants being exercised. If the Warrants are American Style Warrants, upon exercise of less than all the English Law

Warrants constituted by the relevant Permanent Global Warrant, the Relevant Intermediary will, on the instructions of, and on behalf of the Principal Security Agent, note such exercise on the Schedule to such Permanent Global Warrant and the number of Warrants so constituted shall be reduced by the cancellation *pro tanto* of the Warrants so exercised.

#### 24.3 Settlement

##### (a) Cash Settled Warrants

If the Warrants are Cash Settled Warrants, the Issuer shall on the Settlement Date pay or cause to be paid the Cash Settlement Amount (if any) for each duly exercised Warrant or Unit, as the case may be, to the Holder's account specified in the relevant Exercise Notice for value on the Settlement Date less any Expenses.

##### (b) Physical Delivery Warrants

Subject as provided in Condition 23.3, the Issuer shall on the Settlement Date deliver, or procure the delivery of, the Entitlement for each duly exercised Warrant or Unit, as the case may be, pursuant to the details specified in the Exercise Notice. Subject as provided in Condition 23.3, the Entitlement shall be delivered and evidenced in such manner as set out in the applicable Final Terms.

#### 24.4 Determinations

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by the Principal Security Agent and shall be conclusive and binding on the Issuer, the Guarantor, if any, and the relevant Holder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Issuer immediately after being delivered or sent to the Principal Security Agent shall be null and void.

If such Exercise Notice is subsequently corrected to the satisfaction of the Principal Security Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction was delivered to the Principal Security Agent.

If (i) the Warrants are Cash Settled Warrants and Automatic Exercise is not specified as applying in the applicable Final Terms or (ii) the Warrants are Physical Delivery Warrants, any Warrant with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the cut-off time specified in Condition 23.1(a), in the case of American Style Warrants, or Condition 23.1(b), in the case of European Style Warrants, shall become void.

The Principal Security Agent shall use its best efforts promptly to notify the Holder submitting an Exercise Notice if, in consultation with the Issuer, it has determined that such Exercise Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Guarantor, if any, the Principal Security Agent or the Relevant Intermediary shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

#### 24.5 Delivery of an Exercise Notice

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Holder to exercise the Warrants specified. After the delivery of such Exercise Notice, such exercising Holder may not transfer such Warrants.

#### 24.6 Automatic Exercise

(a) This Condition only applies if the Warrants are Cash Settled Warrants, Automatic Exercise is specified as applying in the applicable Final Terms and Warrants are automatically exercised as provided in Condition 23.1(a) or Condition 23.1(b).

(b) Unless otherwise provided in the applicable Final Terms, no Exercise Notice is required to be submitted or any other action required to be taken by any relevant Holder of a Warrant in order to receive the Cash Settlement Amount in respect of such Warrant, or if Units are specified in the applicable Final Terms, a Unit, as the case may

be, provided that in order to receive the Cash Settlement Amount the Holders must notify the Principal Security Agent of details of the Holder's account to be credited with the Cash Settlement Amount (if any) for each Warrant or Unit, as the case may be, exercised. The Principal Security Agent shall, upon receipt of the aggregate Cash Settlement Amount from the Issuer, instruct the Relevant Intermediary on or before the Settlement Date to debit the Holder's securities account with the number of Warrants exercised and in respect of which such Cash Settlement Amount is being paid.

#### 24.7 Exercise Risk

Exercise of the Warrants is subject to all applicable laws, regulations and practices in force on the relevant Exercise Date and none of the Issuer, the Guarantor, if any, or the Security Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, the Guarantor, if any, or the Agents shall under any circumstances be liable for any acts or defaults of the Principal Security Agent or, as the case may be, the Relevant Intermediary in relation to the performance of its duties in relation to the Warrants.

### 25. MINIMUM AND MAXIMUM NUMBER OF WARRANTS EXERCISABLE

#### 25.1 American Style Warrants

This Condition 25.1 applies only to American Style Warrants.

- (a) The number of Warrants exercisable by any Holder on any Actual Exercise Date or, in the case of Automatic Exercise, the number of Warrants held by any Holder on any Actual Exercise Date, in each case as determined by the Issuer, must not be less than the Minimum Exercise Number specified in the applicable Final Terms and, if specified in the applicable Final Terms, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Final Terms. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.
- (b) If the Issuer determines that the number of Warrants being exercised on any Actual Exercise Date by any Holder or a group of Holders (whether or not acting in concert) exceeds the Maximum Exercise Number (a number equal to the Maximum Exercise Number being the "**Quota**"), the Issuer may deem the Actual Exercise Date for the first Quota of such Warrants, selected at the discretion of the Issuer, to be such day and the Actual Exercise Date for each additional Quota of such Warrants (and any remaining number thereof) to be each of the succeeding Exercise Business Days until all such Warrants have been attributed with an Actual Exercise Date, provided, however, that the deemed Actual Exercise Date for any such Warrants which would thereby fall after the Expiration Date shall fall on the Expiration Date. In any case where more than the Quota of Warrants are exercised on the same day by Holder(s), the order of settlement in respect of such Warrants shall be at the sole discretion of the Issuer.

#### 25.2 European Style Warrants

This Condition 25.2 applies only to European Style Warrants.

The number of Warrants exercisable by any Holder on the Exercise Date, as determined by the Issuer, must be equal to the Minimum Exercise Number specified in the applicable Final Terms and, if specified in the applicable Final Terms, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Final Terms. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.

### 26. TERMS APPLICABLE TO CERTIFICATES ONLY

Conditions 27 to 35 apply to Certificates only.

## 27. DEFINITIONS

"**Averaging Date**" means:

- (a) in the case of Index Securities (other than Index Securities relating to a Custom Index or Basket of Custom Indices (each as defined in Annex 1)), Share Securities, ETI Securities, Debt Securities, Fund Securities or Futures Securities, each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then:
  - (i) if "**Omission**" is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price provided that, if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
  - (ii) if "**Postponement**" is specified as applying in the applicable Final Terms, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
  - (iii) if "**Modified Postponement**" is specified as applying in the applicable Final Terms, then:
    - (A) where the Certificates are Index Securities relating to a single Index (other than a Component Security Index), Share Securities relating to a single Share, ETI Securities relating to a single ETI Interest or Futures Securities relating to single Future, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (I) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date), and (II) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with subparagraph (a)(i) of the definition of "Valuation Date" below;
    - (B) where the Certificates are Index Securities relating to a single Component Security Index, the Calculation Agent shall determine the level of the Component Security Index for the Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of "Valuation Date" below and the Averaging Date shall be deemed to be the earliest date on which the Calculation Agent determines the level of the Component Security Index in accordance with the provisions of sub-paragraph (a)(ii) of the definition of "Valuation Date" below;
    - (C) where the Certificates are Index Securities relating to a Basket of Indices (other than a Basket of Component Security Indices), Share Securities relating to a Basket of Shares, ETI Securities relating to a Basket of ETI Interests or Futures Securities relating to a Basket of Futures, the Averaging Date for each Index, Share, ETI Interest or Future not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the "**Scheduled Averaging Date**") and the Averaging Date for each Index, Share, ETI Interest or Future affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in

relation to such Index, Share, ETI Interest or Future. If the first succeeding Valid Date in relation to such Index, Share, ETI Interest or Future has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (I) that last such consecutive Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date) in respect of such Index, Share, ETI Interest or Future, and (II) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with subparagraph (a)(iii) of the definition of "Valuation Date" below; and

- (D) where the Certificates are Index Securities relating to a Basket of Component Security Indices, the Averaging Date for each Component Security Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Averaging Date, and for each Component Security Index affected (each, an "**Affected Item**") by the occurrence of a Disrupted Day, the Calculation Agent shall determine the level of the Component Security Index in accordance with the provisions of sub-paragraph (a)(iv) of the definition of "Valuation Date" below and the Averaging Date shall be deemed to be the earliest date on which the Calculation Agent determines the level of the Component Security Index in accordance with the provisions of sub-paragraph (a)(iv) of the definition of "Valuation Date" below; or
- (E) where the Certificates are Debt Securities or Fund Securities, provisions for determining the Averaging Date in the event of Modified Postponement applying will be set out in the applicable Final Terms; or
- (b) in the case of Commodity Securities, each date specified as such in the applicable Final Terms or, if any such date is not a Commodity Business Day, the immediately following Commodity Business Day unless, in the opinion of the Calculation Agent, any such day is a day on which a Market Disruption Event has occurred or is continuing, in which case the provisions of Commodity Security Condition 3 (Consequences of a Market Disruption Event and Disruption Fallbacks) shall apply; or
- (c) in the case of Open End Certificates, the date designated as such by the Issuer in its sole and absolute discretion, provided that such date is determined by the Issuer and notified to the Holders in accordance with Condition 10 at the latest on the tenth (10th) Business Day preceding the contemplated Averaging Date;

**"Cash Settlement Amount"** means, in relation to Cash Settled Certificates, the amount to which the Holder is entitled in the Settlement Currency in relation to each such Certificate, as determined by the Calculation Agent pursuant to the provisions set out in the applicable Final Terms or the following provisions:

- (a) where "Turbo Call Certificate" is specified in the applicable Final Terms in respect of Cash Settled Certificates, then the Cash Settlement Amount shall be equal to:
  - (i) if no Knock-out Event has occurred, (the Settlement Price minus the Strike Price) divided by the Parity; or
  - (ii) if a Knock-out Event has occurred, zero;
- (b) where "Turbo Put Certificate" is specified in the applicable Final Terms in respect of Cash Settled Certificates, then the Cash Settlement Amount shall be equal to:
  - (i) if no Knock-out Event has occurred, (the Strike Price minus the Settlement Price) divided by the Parity; or

- (ii) if a Knock-out Event has occurred, zero;
- (c) where "Turbo Pro Call Certificate" is specified in the applicable Final Terms in respect of Cash Settled Certificates, then the Cash Amount shall be equal to:
  - (i) if no Knock-in Event has occurred, the Issue Price; or
  - (ii) (A) if a Knock-in Event has occurred and no Knock-out Event has occurred, (the Settlement Price minus the Strike Price) divided by the Parity, and (B) if a Knock-in Event and a Knock-out Event have each occurred, zero; or
- (d) where "Turbo Pro Put Certificate" is specified in the applicable Final Terms in respect of Cash Settled Certificates, then the Cash Settlement Amount shall be equal to:
  - (i) if no Knock-in Event has occurred, the Issue Price; or
  - (ii) (A) if a Knock-in Event has occurred and no Knock-out Event has occurred, (the Strike Price minus the Settlement Price) divided by the Parity, and (B) if a Knock-in Event and a Knock-out Event have each occurred, zero.

The Cash Settlement Amount shall be rounded to the nearest sub-unit of the relevant Settlement Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention or as may be specified in the applicable Final Terms.

**"Cut-off Date"** means the date specified as such in the applicable Final Terms or if not so set out (a) in respect of Physical Delivery Certificates that are not Credit Certificates, the third Business Day immediately preceding the Redemption Date or (b) in respect of Credit Certificates, the third Business Day immediately Preceding the Physical Settlement Date (or) if earlier, the tenth Business Day following the NOPS Effective Date of the Notice of Physical Settlement;

**"English Law Certificates"** means the Certificates specified in the applicable Final Terms as being governed by English law;

**"Entitlement"** means in relation to a Physical Delivery Certificate (other than a Credit Certificate), the quantity of the Relevant Asset or the Relevant Assets, as the case may be, which a Holder is entitled to receive on the Redemption Date in respect of each such Certificate following payment of any sums payable (including Expenses as defined in Condition 11 rounded down as provided in Condition 34.2(d) as determined by the Calculation Agent including any documents evidencing such Entitlements or (in the case of a Credit Certificate) the relevant obligations and/or other assets as specified in the Credit Security Conditions;

**"French Law Certificates"** means the Certificates specified in the applicable Final Terms as being governed by French law;

**"Observation Date"** means:

- (a) in the case of Certificates other than Open End Certificates, each date specified as an Observation Date in the applicable Final Terms. The provisions contained in the definition of "Averaging Date" shall apply *mutatis mutandis* as if references in such provisions to "Averaging Date" were to "Observation Date"; and
- (b) in the case of Open End Certificates, the date designated as such by the Issuer in its sole and absolute discretion, provided that such date is determined by the Issuer and notified to the Holders in accordance with Condition 10 at the latest on the tenth (10th) Business Day preceding the contemplated Observation Date;

**"Observation Period"** means the period specified as the Observation Period in the applicable Final Terms;

**"Open End Certificate"** means a Certificate in respect of which "Open End" is specified as applicable in the relevant Final Terms and which may be redeemed on a date determined by the Issuer in its sole and absolute discretion, subject to the other provisions of these Terms and Conditions;

**"Reference Banks"** means the five major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark (which, if EURIBOR is the relevant Benchmark, shall be the euro-zone);

**"Strike Price"** means the price specified as such in the applicable Final Terms;

**"Valid Date"** means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date or another Observation Date does not or is deemed not to occur;

**"Valuation Date"** means:

- (a) in the case of Index Securities (other than Index Securities relating to a Custom Index or Basket of Custom Indices), Share Securities, ETI Securities, Debt Securities or Futures Securities, unless otherwise specified in the applicable Final Terms, the Interest Valuation Date and/or the Redemption Valuation Date (subject to paragraph (b) below in respect of Open End Certificates), as the case may be, specified in the applicable Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:
  - (i) where the Certificates are Index Securities relating to a single Index (other than a Component Security Index), Share Securities relating to a single Share, ETI Securities relating to a single ETI Interest, Debt Securities relating to a single Debt Instrument or Futures Securities relating to a single Future, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (A) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (B) the Calculation Agent shall determine the Settlement Price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the Settlement Price:
    - (A) in the case of Index Securities, by determining the level of the Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the last such consecutive Scheduled Trading Day); or
    - (B) in the case of Share Securities, ETI Securities, Debt Securities, or Futures Securities, in accordance with its good faith estimate of the Settlement Price as of the Valuation Time on the last such consecutive Scheduled Trading Day; or
  - (ii) where the Certificates are Index Securities relating to a single Component Security Index, the Calculation Agent shall determine the relevant level for such Component Security Index using the formula for and method of calculating such Component Security Index last in effect prior to the occurrence of the first Disrupted Day using:

- (A) in respect of each Component Security not affected by a Market Disruption Event on the Scheduled Valuation Date, the exchange traded or quoted price of such Component Security as of the Valuation Time on the Scheduled Valuation Date; and
- (B) in respect of each Component Security affected (each, an "**Affected Component Security**") by a Market Disruption Event on the Scheduled Valuation Date, the exchange traded or quoted price for each Affected Component Security on the first succeeding Scheduled Trading Day on which no Market Disruption Event occurs or is continuing with respect to the Affected Component Security, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a day on which a Market Disruption Event occurs or is continuing with respect to the Affected Component Security, in which case, the Calculation Agent shall determine the value, amount, level or price of such Affected Component Security using its good faith estimate of the value, amount, level or price of the relevant Affected Component Security as of the Valuation Time on the last such consecutive Scheduled Trading Day; and

the Valuation Date shall be deemed to be the earliest date on which the Calculation Agent determines the level of the Component Security Index in accordance with the above provisions; or

- (iii) where the Certificates are Index Securities relating to a Basket of Indices (other than a Basket of Component Security Indices), Share Securities relating to a Basket of Shares, ETI Securities relating to a Basket comprised of ETI Interests, Debt Securities relating to a Basket of Debt Instruments or Futures Securities relating to a basket of Futures, the Valuation Date for each Index, Share, ETI Interest, Debt Instrument or Future, as the case may be, not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index, Share, ETI Interest, Debt Instrument or Future affected, as the case may be, (each an "**Affected Item**") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case, (A) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (B) the Calculation Agent shall determine the Settlement Price using, in relation to the Affected Item, the level or value as applicable, determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using:

- (A) in the case of an Index, the level of that Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the last such consecutive Scheduled Trading Day); or
- (B) in the case of a Share, ETI Interest, Debt Security or Future, its good faith estimate of the value for the Affected Item as of the Valuation Time on that last such consecutive Scheduled Trading Day,

- (iv) where the Certificates are Index Securities relating to a Basket of Component Security Indices, the Valuation Date for each Component Security Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and for each Component Security Index affected (each, an "**Affected Item**") by the occurrence of a Disrupted Day, the Calculation Agent shall determine the level



of that Component Security Index using the formula for and method of calculating that Component Security Index last in effect prior to the occurrence of the first Disrupted Day, using:

- (A) in respect of each Component Security not affected by a Market Disruption Event on the Scheduled Valuation Date, the exchange traded or quoted price of such Component Security as of the Valuation Time on the Scheduled Valuation Date; and
- (B) in respect of each Component Security affected (each, an "**Affected Component Security**") by a Market Disruption Event on the Scheduled Valuation Date, the exchange traded or quoted price for each Affected Component Security on the first succeeding Scheduled Trading Day on which no Market Disruption Event occurs or is continuing with respect to the Affected Component Security, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a day on which a Market Disruption Event occurs or is continuing with respect to the Affected Component Security, in which case, the Calculation Agent shall determine the value, amount, level or price of such Affected Component Security using its good faith estimate of the value, amount, level or price of the relevant Affected Component Security as of the Valuation Time on the last such consecutive Scheduled Trading Day; and

the Valuation Date shall be deemed to be the earliest date on which the Calculation Agent determines the level of the Component Security Index in accordance with the above provisions; or

- (b) in the case of Open End Certificates and for the purposes of the "Provisions relating to Valuation on Redemption" set out in the applicable Final Terms, the date designated as the Redemption Valuation Date by the Issuer in its sole and absolute discretion, provided that such date is determined by the Issuer and notified to the Holders in accordance with Condition 13 at the latest on the tenth (10th) Business Day preceding the contemplated Redemption Valuation Date; and
- (c) in the case of Commodity Securities, the Final Pricing Date,

and otherwise in accordance with the above provisions; and

**"Valuation Time"** means:

- (a) the Interest Valuation Time or the Valuation Time, as the case may be, specified in the applicable Final Terms; or
- (b)
  - (i) in the case of Index Securities relating to a Composite Index, unless otherwise specified in the applicable Final Terms, (A) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (y) in respect of any options contracts or futures contracts on such Index, the close of trading on the Related Exchange; and (B) in all other circumstances, the time at which the official closing level of such Index is calculated and published by the Index Sponsor; or
  - (ii) in the case of Index Securities relating to Indices other than Composite Indices, Share Securities or ETI Securities unless otherwise specified in the applicable Final Terms, the Scheduled Closing Time on the relevant Exchange on the relevant Strike Date, Valuation Date, Observation Date or Averaging Date, as the case may be, in relation to each Index, Share or ETI Interest to be valued, provided that if the relevant Exchange closes prior to its Scheduled Closing Time and the specified Interest Valuation Time or Valuation Time, as the case may be, is after the actual closing time for its regular trading session, then the Interest Valuation Time or the Valuation Time, as the case may be, shall be such actual closing time.

## 28. FORM OF CERTIFICATES

The form of Certificates is set out in Condition 2.2 above.

## 29. TYPE OF CERTIFICATES

The applicable Final Terms will indicate whether settlement shall be by way of cash payment ("**Cash Settled Certificates**") or physical delivery ("**Physical Delivery Certificates**"), whether Cash Settled Certificates are redeemable in instalments and whether Averaging ("**Averaging**") will apply to the Certificates. If so specified in the applicable Final Terms, interest shall be payable in respect of the Certificates.

The applicable Final Terms will indicate if the Certificates are exercisable, if so whether Multiple Exercise applies and the relevant Exercise Date(s).

## 30. TITLE AND TRANSFER OF CERTIFICATES

Provisions relating to the title and transfer of Certificates are set out in Condition 2.2 above.

## 31. INTEREST (CERTIFICATES)

If so specified in the applicable Final Terms the Certificates will pay interest, such interest to be calculated on the basis of a fixed rate of interest ("**Fixed Rate Certificates**"), a floating rate of interest ("**Floating Rate Certificates**") or by reference to the performance of one or more Index, Share, ETI Interest, Debt Instrument, Currency, Commodity, Inflation Index, Fund Share, Futures or any other underlying security or any combination thereof in the manner specified in the applicable Final Terms (such Certificates, "**Linked Interest Certificates**"):

### (a) Interest on Fixed Rate Certificates

Each Fixed Rate Certificate pays interest calculated from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will accrue in respect of each Interest Period (which expressions shall in these Terms and Conditions mean the period from (and including) an Interest Period End Date (or if none the Interest Commencement Date) to (but excluding) the next (or first) Interest Period End Date (each such latter date the "**Interest Period End Final Date**" for the relevant Interest Period)). Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Redemption Date. If an Interest Payment Date falls after the Interest Period End Final Date in respect of the relevant Interest Period, no additional interest or other amount shall be payable as a result of such interest being payable on such later date. If a Business Day Convention is specified in the applicable Final Terms as applying to an Interest Period End Date or an Interest Payment Date and (i) if there is no numerically corresponding day on the calendar month in which an Interest Period End Date or Interest Payment Date, as the case may be, should occur or (ii) if any Interest Period End Date or Interest Payment Date, as the case may be, would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (i) the Following Business Day Convention, such Interest Period End Date or Interest Payment Date, as the case may be, shall be postponed to the next day which is a Business Day; or
- (ii) the Modified Following Business Day Convention, such Interest Period End Date or Interest Payment Date, as the case may be, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Period End Date or Interest Payment Date, as the case may be, shall be brought forward to the immediately preceding Business Day; or
- (iii) the Preceding Business Day Convention, such Interest Period End Date or Interest Payment Date, as the case may be, shall be brought forward to the immediately preceding Business Day.

If no Business Day Convention is specified as applicable to an Interest Period End Date in the applicable Final Terms except as provided in the applicable Final Terms the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) the Interest Period End Final Date in respect of such Interest Period will amount to the Fixed Coupon Amount.

Interest shall be calculated by applying the Rate of Interest to the Notional Amount of each Certificate and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Settlement Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

"**sub-unit**" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) Interest on Floating Rate Certificates and Linked Interest Certificates

(i) Interest, Interest Periods and Business Day Convention

Each Floating Rate Certificate and, subject to the provisions of Condition 31(c) and unless otherwise specified in the applicable Final Terms, each Linked Interest Certificate pays interest (or, if it is a Partly Paid Certificate, in accordance with Condition 31(e) in respect of each Interest Period (which expression shall in these Terms and Conditions mean the period from (and including) an Interest Period End Date (or if none the Interest Commencement Date to (but excluding) the next (or first) Interest Period End Date (each such latter date the "**Interest Period End Final Date**" for the relevant Interest Period)). For the purposes of this Condition 31(b), "**Interest Period End Date**" shall mean either: (A) the Interest Period End Date(s) in each year specified in the applicable Final Terms or (B) if no Interest Period End Date(s) is/are specified in the applicable Final Terms, each date which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Period End Date or, in the case of the first Interest Period End Date, after the Interest Commencement Date.

Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Redemption Date. If an Interest Payment Date falls after an Interest Period End Final Date in respect of the relevant Interest Period, no additional interest or other amount shall be payable as a result of such interest being payable on such later date.

If a Business Day Convention is specified in the applicable Final Terms as applying to an Interest Period End Date or an Interest Payment Date and (I) if there is no numerically corresponding day on the calendar month in which an Interest Period End Date or Interest Payment Date, as the case may be, should occur or (II) if any Interest Period End Date or Interest Payment Date, as the case may be, would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 31(b)(ii) below, the Floating Rate Convention, such Interest Period End Date or Interest Payment Date, as the case may be, (i) in the case of (i) above, shall be the last day that is a Business Day in the relevant month and the provisions of (iv) below shall apply *mutatis mutandis* or (ii) in the case of (ii) below, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Period End Date or Interest Payment Date, as the case may be, shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Period End Date or Interest Payment Date, as the case may be, shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Period End Date or Interest Payment Date, as the case may be, occurred; or

- (B) the Following Business Day Convention, such Interest Period End Date or Interest Payment Date, as the case may be, shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Period End Date or Interest Payment Date, as the case may be, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Period End Date or Interest Payment Date, as the case may be, shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Period End Date or Interest Payment Date, as the case may be, shall be brought forward to the immediately preceding Business Day.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Certificates and Linked Interest Certificates will be determined in the manner specified in the applicable Final Terms.

(iii) ISDA Determination

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (iii), "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association Inc. and as amended and updated as at the Issue Date of the Certificates (the "**ISDA Definitions**") and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is either (I) if the applicable Floating Rate Option is based on the London interbank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**") for a currency, the first day of that Interest Period or (II) in any other case, as specified in the applicable Final Terms.

For the purposes of this subparagraph (iii), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

(iv) FBF Determination

Where so specified in the applicable Final Terms, interest will be payable on such dates, at such a rate (the "**FBF Rate**") and in such amounts, plus or minus (as indicated in the applicable Final Terms) the Margin (if any), as would have been payable (regardless of any event of default or termination event thereunder) by the Issuer if it had entered into an interest rate swap transaction governed by an agreement in the form of the Master Agreement relating to transactions on forward financial instruments (an "**FBF Agreement**"), as in effect on the date of issue of the Certificates, published by the *Fédération Bancaire Française* and evidenced by a Confirmation (as defined in the FBF Agreement) with the holder of the relevant Certificate under which:

- (A) the Issuer was the Floating Amount Payer;

- (B) the Security Agent (as defined herein) was the Agent (as defined in the FBF Agreement) or as otherwise specified in the applicable Final Terms;
- (C) the Interest Commencement Date was the Transaction Date;
- (D) the Notional Amount in respect of a Certificate was the Notional Amount;
- (E) the Interest Payment Dates were the Floating Amount Payment Dates; and
- (F) all other terms were as specified in the applicable Final Terms.

When the preceding sentence applies, in respect of each relevant Interest Payment Date:

- I. the amount of interest determined for such Interest Payment Date will be the Interest Amount for the relevant Interest Period for the purposes of these Terms and Conditions as though determined under subparagraph (vi) below;
- II. the Rate of Interest for such Interest Period will be the Floating Rate (as defined in the FBF Agreement) determined by the Security Agent in accordance with the preceding sentence; and
- III. the Security Agent will be deemed to have discharged its obligations under subparagraph (vi) below if it has determined the Rate of Interest and the Interest Amount payable on such Interest Payment Date in the manner provided in the preceding sentence.

(v) Screen Rate Determination

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate(s) which appears or appear, as the case may be, on the Relevant Screen Page as at the Specified Time indicated in the applicable Final Terms (which will be 11.00 a.m., London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of subparagraph (a), no offered quotation appears or, in the case of subparagraph (b), fewer than three offered quotations appear, in each case as at the Specified Time, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal

place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Settlement Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the inter-bank market applicable to the Reference Rate (which will be the London inter-bank market, if the Reference Rate is LIBOR, or the Euro-zone inter-bank market, if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with offered rates, the offered rate for deposits in the Settlement Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Settlement Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Calculation Agent suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the inter-bank market applicable to the Reference Rate (which will be the London inter-bank market, if the Reference Rate is LIBOR, or the Euro-zone inter-bank market, if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

If the Reference Rate from time to time in respect of Floating Rate Certificates is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Certificates will be determined as provided in the applicable Final Terms.

(vi) Determination of Rate of Interest and Calculation of Interest Amount

In the case of Floating Rate Certificates and Linked Interest Certificates the Calculation Agent will, on or as soon as practicable after each date on which the Rate of Interest is to be determined (the "**Interest Determination Date**"), determine the Rate of Interest (subject to any Minimum Interest Rate or Maximum Interest Rate specified in the applicable Final Terms) for the relevant Interest Period. In the case of Floating Rate Certificates and Linked Interest Certificates, the Calculation Agent will notify the Security Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Calculation Agent will calculate the amount of interest (the "**Interest Amount**") payable on each Certificate for the relevant Interest Period by applying the Rate of Interest to the Notional Amount of such Certificate and multiplying such sum by the Day Count Fraction specified in the applicable Final Terms and rounding the resultant figure to the nearest sub-unit (defined above) of the relevant Specified Currency, one half of such a sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

(vii) Minimum and/or Maximum Interest Rate

If the applicable Final Terms specifies a Minimum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of subparagraphs (ii), (iii), (iv) or (v) above (as appropriate) is less than such Minimum Interest Rate, the Rate of Interest for such Interest Period shall be such Minimum Interest Rate.

If the applicable Final Terms specifies a Maximum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of subparagraphs (ii), (iii), (iv) or (v) above (as appropriate) is greater than such Maximum Interest Rate, the Rate of Interest for such Interest Period shall be such Maximum Interest Rate.

(viii) Notification of Rate of Interest and Interest Amount

The Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Security Agent, the Issuer and the Guarantor (such notifications to occur no later than the Business Day following such determination), and, if applicable, to any other stock exchange on which the relevant Certificates are for the time being listed. In addition, the Calculation Agent shall publish or cause to be published such Rate of Interest, Interest Amount and Interest Payment Date in accordance with Condition 10 as soon as possible after their determination but in no event later than the fourth Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Certificates are for the time being listed and to the Holders in accordance with Condition 10. The determination of each Interest Rate and Interest Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(c) Day Count Fractions

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest for any Interest Period if **"Actual/Actual (ICMA)"** is specified in the applicable Final Terms:

- (i) in the case of Certificates where the number of days in the relevant period from (and including) the most recent Interest Period End Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **"Accrual Period"**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
- (ii) in the case of Certificates where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
  - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (a) the number of days in such Determination Period and (b) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
  - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (a) the number of days in such Determination Period and (b) the number of Determination Dates that would occur in one calendar year;

**"Determination Date(s)"** means the date(s) specified in the applicable Final Terms;

**"Determination Period"** means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the Interest Period End Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;



"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless (A) that day is the last day of February or (B) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (A) that day is the last day of February but not the Redemption Date or (B) such number would be 31, in which case D<sub>2</sub> will be 30.

Notwithstanding the foregoing, where the applicable Final Terms specifies that the relevant Day Count Fraction is "unadjusted", the Interest Period and the Interest Amount payable on any date shall not, unless otherwise provided in the application Final Terms, be affected by the application of any Business Day Convention.

(d) Interest on Linked Interest Certificates

In the case of Linked Interest Certificates the Rate of Interest and/or the Interest Amount shall be determined in the manner specified in the applicable Final Terms.

(e) Interest on Partly Paid Certificates

In the case of Partly Paid Certificates interest will accrue as aforesaid on the paid-up amount of such Certificates and otherwise as specified in the applicable Final Terms.

(f) Accrual of Interest

Each Certificate (or in the case of the redemption of part only of a Certificate, that part only of such Certificate) will cease to bear interest (if any) from the date for its redemption or exercise, as the case may be, unless such Certificate is redeemed early. If such Certificate is redeemed early, (i) if the applicable Final Terms specify that Accrual to Redemption is applicable, interest will cease to accrue on the due date for redemption or (ii) if the applicable Final Terms specify that Accrual to Redemption is not applicable, no interest shall accrue or be payable in respect of which the relevant payment date has not occurred on or prior to the due date for redemption of such Certificate, unless in either case payment of principal and/or delivery of all assets deliverable is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Certificate have been paid and/or all assets deliverable in respect of such Certificate have been delivered; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Certificate has been received by the Security Agent and/or all assets in respect of such Certificate have been received by any agent appointed by the Issuer to deliver such assets to Holders and notice to that effect has been given to the Holders in accordance with Condition 10.

## **32. REDEMPTION (CERTIFICATES)**

### **32.1 General**

Subject as provided in these Terms and Conditions and as specified in the applicable Final Terms, each Certificate (other than a Credit Certificate) will be redeemed by the Issuer:

- (a) in the case of a Cash Settled Certificate, by payment of the Cash Settlement Amount; or
- (b) in the case of a Physical Delivery Certificate, subject as provided in Condition 5 and Condition 34, by delivery of the Entitlement,

such redemption to occur in either case, subject as provided below, on the date falling on the fifth Business Day following the Valuation Date, unless specified otherwise in the applicable Final Terms relating to such Certificate (the "**Redemption Date**"). If (i) the date for payment of any amount in respect of the Certificates is not a Business Day, the holder thereof shall not be entitled to payment until the next following Business Day and shall not be entitled to any further payment in respect of such delay or (ii) the date for delivery of any Entitlement in respect of the Certificates is not a Settlement Business Day (as defined in Condition 5.1 above), the Holder thereof shall not be entitled to delivery of the Entitlement until the next following Settlement Business Day.

The Certificates may also be subject to automatic early redemption upon the occurrence of an Automatic Early Redemption Event, as defined in and in accordance with the provisions of Condition 32.8 as specified in the applicable Final Terms.

### **32.2 Credit Certificates**

Subject as provided in these Terms and Conditions and as specified in the applicable Final Terms, each Credit Certificate will be redeemed by the Issuer by payment of the Cash Settlement Amount such redemption to occur on the Redemption Date specified in the applicable Final Terms subject as provided in Annex 10 (Additional Terms and Conditions for Credit Securities). If the date for payment of any amount in respect of the Certificates is not a Business Day, the holder thereof shall not be entitled to payment until the next following Business Day and shall not be entitled to any payment in respect of such delay.

### **32.3 Issuer Call Option**

If Issuer Call Option is specified in the applicable Final Terms, the Issuer may, having given:

- (a) not less than 15 nor more than 30 days' (or such other period specified in the applicable Final Terms (the "**Notice Period**")) notice to the Holders in accordance with Condition 10; and
- (b) not less than 15 days (or such Notice Period specified in the applicable Final Terms) before the giving of the notice referred to in (i), notice to the relevant Security Agent,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Certificates then outstanding on any date fixed for redemption as specified in the applicable Final Terms (an "**Optional Redemption Date**") and at an amount (the "**Optional Redemption Amount**") specified in, or determined on the date (the "**Optional Redemption Valuation Date**") and in the manner specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date.

In the case of a partial redemption, the rights of Holders of Certificates will, unless otherwise provided in the applicable Final Terms, be governed by the standard procedures of any relevant Clearing System (as the case may be).

#### 32.4 Holder Put Option

If Holder Put Option is specified in the applicable Final Terms, upon the Holder of any Certificate giving to the Issuer not less than 15 nor more than 30 days' notice (or such other period specified in the applicable Final Terms (the "**Notice Period**")) the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Certificate on any date fixed for redemption as specified in the applicable Final Terms (an "**Optional Redemption Date**") and at an amount (the "**Optional Redemption Amount**") specified in, or determined on the date (the "**Optional Redemption Valuation Date**") and in the manner specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date (each date and amount as specified in the applicable Final Terms).

If a Certificate is represented by a Permanent Global Certificate, to exercise the right to require redemption of the Certificate the Holder of the Certificate must, within the Notice Period, give notice to the Principal Security Agent of such exercise in accordance with the standard procedures of SIS (which may include notice being given on his instruction by SIS for them to the Principal Security Agent by electronic means) in a form provided by the Principal Security Agent and acceptable to SIS from time to time and, if a Certificate is represented by a Permanent Global Certificate, at the same time present or procure the presentation of the relevant Permanent Global Certificate to the Principal Security Agent for notation accordingly.

Any Put Notice given by a Noteholder pursuant to this paragraph shall be irrevocable.

#### 32.5 Redemption in Instalments

If the applicable Final Terms specify that the Certificates are Instalment Certificates, each Certificate will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms.

#### 32.6 Redemption of Partly Paid Certificates

Partly Paid Certificates will be redeemed in accordance with the provisions set out in the applicable Final Terms.

#### 32.7 Open End Certificates

If "Open End" is specified as applicable in the relevant Final Terms, the Redemption Date of such Open End Certificates will, notwithstanding any provision to the contrary, be the date falling (5) five Business Days after the relevant Averaging Date, Observation Date, Strike Date or, as applicable, Valuation Date determined by the Issuer in its sole discretion, provided that the relevant Averaging Date, Observation Date, Strike Date or Valuation Date so-determined by the Issuer is notified to the Holders at the latest ten (10) Business Days prior to the contemplated date in accordance with Condition 10.

If a Certificate is an Open End Certificate, "Knock-in Event" and "Knock-out Event" may not be specified as applicable in the relevant Final Terms in respect of such Certificate.

### 32.8 Automatic Early Redemption (Certificates)

This Condition 32.8 applies to Index Securities, Share Securities, ETI Securities, Currency Securities, Commodity Securities and Futures Securities only.

- (a) If "Automatic Early Redemption" is specified as applicable in the applicable Final Terms, then unless previously redeemed or purchased and cancelled, if on any Automatic Early Redemption Valuation Date the Automatic Early Redemption Event occurs, then the Certificates will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date and the Early Redemption Amount payable by the Issuer on such date upon redemption of each Certificate shall be an amount equal to the relevant Automatic Early Redemption Amount.
- (b) Definitions relating to Automatic Early Redemption

Unless otherwise specified in the applicable Final Terms:

**"Automatic Early Redemption Amount"** means (a) an amount in the Settlement Currency specified in the applicable Final Terms or if such amount is not specified, (b) an amount equal to the product of (i) the Notional Amount in respect of each Certificate and (ii) the sum of the relevant Automatic Early Redemption Percentage and the relevant Automatic Early Redemption Rate relating to that Automatic Early Redemption Date;

**"Automatic Early Redemption Date"** means each date specified as such in the applicable Final Terms, or if such date is not a Business Day, the next following Business Day, and no Holder shall be entitled to any interest or further payment in respect of such delay;

**"Automatic Early Redemption Event"** means that (a) in the case of a single Underlying Reference, the Underlying Reference Level or (b) in the case of a Basket of Underlying References, the Basket Price is, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Automatic Early Redemption Level as specified in the applicable Final Terms;

**"Automatic Early Redemption Level"** means the Level of the Underlying Reference specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in the Relevant Adjustment Provisions, as applicable;

**"Automatic Early Redemption Percentage"** means the percentage specified as such in the applicable Final Terms;

**"Automatic Early Redemption Rate"** means, in respect of any Automatic Early Redemption Date, the rate specified as such in the applicable Final Terms;

**"Automatic Early Redemption Valuation Date"** means each date as specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day (in respect of Securities other than Commodity Securities or Custom Index Securities), a Scheduled Custom Index Business Day (in respect of Custom Index Securities) or a Commodity Business Day (in respect of Commodity Securities), as applicable, the next following Scheduled Trading Day, Scheduled Custom Index Business Day or Commodity Business Day, as applicable, unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day (in respect of Securities other than Commodity Securities or Custom Index Securities), a Custom Index Disruption Event is occurring on such day (in respect of Custom Index Securities) or a Market Disruption Event is occurring on such day (in respect of Commodity Securities). If any such day is a Disrupted Day, a day on which a Custom Index Disruption Event is occurring or

(except in the case of Commodity Securities) a day on which a Market Disruption Event is occurring, as applicable, then the corresponding provisions in the definition of "Valuation Date" shall apply *mutatis mutandis* as if references in such provisions to "Valuation Date" were to "Automatic Early Redemption Valuation Date" or (in the case of Commodity Securities) if any such day is a day on which a Market Disruption Event is occurring, then the provisions of "Pricing Date" shall apply *mutatis mutandis* as if references in such provision to "Pricing Date" were to "Automatic Early Redemption Valuation Date" and for the purposes of the Relevant Adjustment Provisions, any reference to "Valuation Date" shall be deemed to refer to the "Automatic Early Redemption Valuation Date";

**"Basket of Underlying References"** means, for the purposes of this Condition 32.8, the Basket of Indices, Basket of Shares, ETI Basket, Basket of Commodities, Basket of Commodity Indices, Basket of Futures or other basis of reference to which the value of the relevant W&C Securities may relate, as specified in the applicable Final Terms;

**"Basket Price"** means, in respect of any Automatic Early Redemption Valuation Date, an amount determined by the Calculation Agent equal to the sum of the values for each Underlying Reference as the product of (a) the Underlying Reference Level of such Underlying Reference on such Automatic Early Redemption Valuation Date and (b) the relevant Weighting;

**"Relevant Adjustment Provisions"** means:

- (a) in the case of Index Securities, Index Security Condition 2 (Market Disruption) and Index Security Condition 3 (Adjustments to an Index);
- (b) in the case of Custom Index Securities, Custom Index Security Condition 6 (Adjustments to a Custom Index and Custom Index Disruption);
- (c) in the case of Share Securities, Share Security Condition 2 (Market Disruption), Share Security Condition 3 (Potential Adjustment Events) and Share Security Condition 4 (Extraordinary Events);
- (d) in the case of ETI Securities, ETI Security Condition 2 (Market Disruption) and ETI Security Condition 3 (Potential Adjustment Events);
- (e) in the case of Commodity Securities, Commodity Security Condition 2 (Market Disruption), Commodity Security Condition 3 (Consequences of a Market Disruption Event and Disruption Fallbacks) and Commodity Security Condition 4 (Adjustments to a Commodity Index);
- (f) in the case of Currency Securities, Currency Security Condition 3 (Consequences of a Disruption Event); and
- (g) in the case of Futures Securities, Futures Security Condition 3 (Adjustments to a Future);

**"Underlying Reference"** means, for the purposes of this Condition 32.8 each Index, Custom Index, Share, ETI Interest, Commodity, Commodity Index, Subject Currency, Future or other basis of reference to which the relevant W&C Securities relate; and

**"Underlying Reference Level"** means, in respect of any Automatic Early Redemption Valuation Date, (a) in the case of Share Securities, ETI Securities and Futures Securities the price of the relevant Underlying Reference, (b) in the case of Index Securities and Custom Index Securities, the level of the relevant Underlying Reference, (c) in the case of Commodity Securities, the Relevant Price, or (d) in the case of Currency Securities, the spot rate of exchange for the exchange of the Subject Currency into the Base Currency (expressed as the number of units (or part units) of such Subject Currency for which one unit of the Base Currency can be exchanged), in each case, as

determined by the Calculation Agent as of the Valuation Time on such Automatic Early Redemption Valuation Date.

### **33. PAYMENTS AND PHYSICAL DELIVERY (CERTIFICATES)**

#### **33.1 Payments**

The Issuer or, failing which, the Guarantor, if any, shall pay or cause to be paid the Cash Settlement Amount or the relevant amount (if any) payable under the Credit Security Conditions (or in the case of Instalment Certificates, each Instalment Amount) for each Certificate due to the Holders under the Certificates to the Principal Security Agent. Upon receipt by the Principal Security Agent of the due and punctual payment of such funds in Switzerland, the Issuer and Guarantor shall be discharged from its obligations to Holders under such Certificates to the extent that such funds have been received by the Principal Security Agent as of such date.

The Issuer, failing which, the Guarantor, if any, shall pay or cause to be paid the Interest Amount for each Certificate in respect of each Interest Payment Date by credit or transfer to the Principal Security Agent for value on the relevant Interest Payment Date. Upon receipt by the Principal Security Agent of the due and punctual payment of such funds in Switzerland, the Issuer and Guarantor shall be discharged from its obligations to Holders under such Certificates to the extent that such funds have been received by the Principal Security Agent as of such date.

Each Holder must look solely to the Principal Security Agent for his share of each such payment so made to, or to the order of, the Principal Security Agent.

In the case of OET Certificates, the Issuer shall confirm to the Principal Security Agent, the Cash Settlement Amount to be paid in respect of each OET Certificate.

If the determination of any amount in respect of interest due in respect of the Certificates on an Interest Payment Date (such date a "**Scheduled Payment Date**") is calculated by reference to the valuation of one or more Underlying Reference(s) and the date (or final date, as the case may be) for such valuation is postponed or delayed as provided in the Terms and Conditions or in the applicable Final Terms to a date (such date the "**Delayed Date**") falling less than two Business Days preceding such Scheduled Payment Date, notwithstanding any provision to the contrary in the Terms and Conditions or in the applicable Final Terms, such Interest Payment Date shall be postponed to the day falling two Business Days following such Delayed Date and no interest or other amount shall be payable on the Certificates in respect of such delay.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment.

#### **33.2 Physical Delivery**

##### **(a) Delivery**

Delivery of the Entitlement(s) in respect of the Certificates in the form of Intermediated Securities will be made to the Holders on the due date for such delivery and in accordance with the rules and procedures applied by SIS from time to time.

The Issuer or, failing which, the Guarantor, if any, shall procure the delivery of the Entitlement or, in the case of Credit Securities, Delivery of the Deliverable Obligations, obligations and/or other assets comprising the Entitlement for each Certificate due to the Holders to the Principal Security Agent. Upon receipt by the Principal Security Agent of the due and punctual delivery of such Entitlement(s) in Switzerland, the Issuer and Guarantor (if applicable) shall be discharged from its obligations to Holders under such Certificates to the extent that such Entitlement has been received by the Principal Security Agent as of such date.

The Entitlement will be delivered at the risk of the relevant Holder, in the manner provided below on the Redemption Date (such date, subject to adjustment in accordance with this Condition, the "**Delivery Date**") or (in the case of Credit Certificates) the Delivery Date (as defined in the Credit Security Conditions).

All Expenses arising from the delivery of the Entitlement or Delivery of the Deliverable Obligations, obligations and/or other assets comprising the Entitlement, as the case may be, in respect of such Certificates shall be for the account of the relevant Holder and no delivery of the Entitlement or Delivery of the Deliverable Obligations, obligations and/or other assets comprising the Entitlement, as the case may be, shall be made until all Expenses have been paid to the satisfaction of the Issuer by the relevant Holder.

(b) General

Certificates held by the same Holder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Certificates, provided that the aggregate Entitlements in respect of the same Holder will be rounded down to the nearest whole unit of the Relevant Asset, each of the Relevant Assets, the Deliverable Obligations, obligations and/or other assets, as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Relevant Asset, of each of the Relevant Assets, the Deliverable Obligations, obligations and/or other assets, as the case may be, will not be delivered and in lieu thereof a cash adjustment calculated by the Calculation Agent in its sole and absolute discretion shall be paid to the Holder.

Following the Delivery Date of a Share Security or ETI Security all dividends on the relevant Shares or ETI Interests to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares or ETI Interests executed on the Delivery Date and to be delivered in the same manner as such relevant Shares or ETI Interests. Any such dividends to be paid to a Holder will be paid to the Holder in accordance with the rules and procedures applied by SIS from time to time.

For such period of time after delivery or Delivery of the Entitlement as the Issuer or any person acting on behalf of the Issuer shall continue to be the legal owner of the securities, obligations, assets or Deliverable Obligations comprising the Entitlement (the "**Intervening Period**"), none of the Issuer, the Guarantor, if any, the Calculation Agent nor any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Holder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities, obligations, assets or Deliverable Obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities, obligations, assets or Deliverable Obligations or (iii) be under any liability to a Holder in respect of any loss or damage which such Holder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities, obligations, assets or Deliverable Obligations.

(c) Commodity Securities shall not be Physical Delivery Certificates.

**34. PRESCRIPTION (CERTIFICATES)**

Claims against the Issuer or the Guarantor, if any, for payment of principal and/or interest in respect of the Certificates shall become void unless made within 60 months from the Redemption Date and no claims shall be made after such date.

## ANNEX 1

### ADDITIONAL TERMS AND CONDITIONS FOR INDEX SECURITIES

If specified as applicable in the applicable Final Terms, (a) the terms and conditions applicable to Notes specified in the applicable Final Terms as Index Securities shall comprise the terms and conditions of the Notes (the "**Note Conditions**") and the additional terms and conditions for Index Securities set out below (the "**Index Security Conditions**") and (b) the terms and conditions applicable to W&C Securities specified in the applicable Final Terms as Index Securities shall comprise the terms and conditions of the W&C Securities (the "**W&C Security Conditions**") and the Index Security Conditions, in each case together with any other additional terms and conditions specified in the applicable Final Terms and subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between (i) the Note Conditions or the W&C Security Conditions, as applicable, and (ii) the Index Security Conditions, the Index Security Conditions shall prevail. In the event of any inconsistency between (a)(i) the Note Conditions or the W&C Security Conditions, as applicable, and/or (ii) the Index Security Conditions and (b) the Final Terms, the Final Terms shall prevail. References in the Index Security Conditions to "Security" or "Securities" shall be deemed to be references to "Note" and "Notes" or "W&C Security" and "W&C Securities" as the context admits.

#### 1. Definitions

"**Basket of Indices**" means a basket composed of each Index specified in the applicable Final Terms in the weightings specified in the applicable Final Terms;

"**Clearance System**" means the principal domestic clearance system customarily used for settling trades in the relevant securities;

"**Clearance System Days**" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of an event which results in the Clearance System being unable to clear the transfer of a relevant security would have been) open for the acceptance and execution of settlement instructions;

"**Component Security**" means, in respect of a Composite Index, each component security of such Index;

"**Component Security Index**" means any Index specified as such in the applicable Final Terms or, if not so specified, any Index which the Calculation Agent determines to be such an Index;

"**Composite Index**" means any Index which is either a Component Security Index or a Multi-Exchange Index;

"**Disrupted Day**" means:

- (a) in respect of any Composite Index, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of such Index, (ii) the Related Exchange fails to open for trading during its regular trading session, or (iii) a Market Disruption Event has occurred; and
- (b) in respect of an Index that is not a Composite Index, any Scheduled Trading Day on which (i) the relevant Exchange and/or any Related Exchange fails to open for trading during its regular trading session or (ii) a Market Disruption Event has occurred;

"**Early Closure**" means:

- (a) in respect of a Composite Index, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of (i)



the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day; and

- (b) in the case of an Index which is not a Composite Index, the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day;

**"Exchange"** means:

- (a) in the case of a Composite Index, in respect of each Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent; and
- (b) in the case of any Index which is not a Composite Index, in respect of such Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange);

**"Exchange Business Day"** means either (a) in the case of a single Index, Exchange Business Day (Single Index Basis) or (b) in the case of a Basket of Indices, (i) Exchange Business Day (All Indices Basis) or (ii) Exchange Business Day (Per Index Basis), in each case as specified in the applicable Final Terms, provided that if no such specification is made in the applicable Final Terms, Exchange Business Day (All Indices Basis) shall apply;

**"Exchange Business Day (All Indices Basis)"** means any Scheduled Trading Day on which (a) in respect of any Indices other than Composite Indices, each Exchange and each Related Exchange, if any, are open for trading during their respective regular trading session(s) in respect of such Indices, notwithstanding any such Exchange or Related Exchange closing prior to their Scheduled Closing Time and (b) in respect of any Composite Indices, (i) the Index Sponsor publishes the level of such Composite Indices and (ii) each Related Exchange, if any, is open for trading during its regular trading session in respect of such Composite Indices, notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time;

**"Exchange Business Day (Per Index Basis)"** means, in respect of an Index, any Scheduled Trading Day on which (a) in respect of an Index other than a Composite Index, the relevant Exchange and the relevant Related Exchange, if any, in respect of such Index are open for trading during their regular trading session(s), notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time and (b) in respect of a Composite Index, (i) the relevant Index Sponsor publishes the level of such Composite Index and (ii) the Related Exchange, if any, is open for trading during its regular trading session in respect of such Composite Index, notwithstanding such Related Exchange closing prior to its Scheduled Closing Time;

**"Exchange Business Day (Single Index Basis)"** means any Scheduled Trading Day on which (a) in respect of an Index other than a Composite Index, the relevant Exchange and the relevant Related Exchange, if any, are open for trading during their regular trading session(s), notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to its Scheduled Closing Time and (b) in respect of a Composite Index (i) the relevant Index Sponsor publishes the level of such Composite Index and (ii) the relevant Related Exchange, if any, is open for trading during its regular trading session in respect of such Composite Index, notwithstanding such Related Exchange closing prior to its Scheduled Closing Time;

**"Exchange Disruption"** means:

- (a) in respect of a Composite Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for (i) any Component Security on the Exchange in respect of such Component Security or (ii) in futures or options contracts relating to such Index on the Related Exchange; and
- (b) in the case of an Index which is not a Composite Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, on any relevant Exchange(s) in securities that comprise 20 per cent. or more of the level of the relevant Index, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange;

**"Index"** and **"Indices"** mean, subject to adjustment in accordance with this Annex 1, the index or indices specified in the applicable Final Terms and related expressions shall be construed accordingly;

**"Index Correction Period"** means (a) the period specified in the applicable Final Terms, or (b) if none is so specified, one Settlement Cycle;

**"Index Sponsor"** means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date is the index sponsor specified for such Index in the applicable Final Terms;

**"Multi-Exchange Index"** means any Index specified as such in the applicable Final Terms or, if not so specified, any Index which the Calculation Agent determines to be such an Index;

**"Related Exchange"** means, in relation to an Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where "All Exchanges" is specified as the Related Exchange in the applicable Final Terms, **"Related Exchange"** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index;

**"Scheduled Trading Day"** means either (a) in the case of a single Index, Scheduled Trading Day (Single Index Basis) or (b) in the case of a Basket of Indices, (i) Scheduled Trading Day (All Indices Basis) or (ii) Scheduled Trading Day (Per Index Basis), in each case as specified in the applicable Final Terms, provided that if no such specification is made in the applicable Final Terms, Scheduled Trading Day (All Indices Basis) shall apply;

**"Scheduled Trading Day (All Indices Basis)"** means any day on which (a) in respect of any Indices other than Composite Indices, each Exchange and each Related Exchange, if any, are scheduled to be open for trading during their respective regular trading session(s) in respect of such Indices, and (b) in respect of any Composite Indices, (i) the Index Sponsor is scheduled to publish the level of such Composite Indices and (ii) each Related Exchange, if any, is scheduled to be open for trading during its regular trading session in respect of such Composite Indices;

**"Scheduled Trading Day (Per Index Basis)"** means, in respect of an Index, any day on which (a) in respect of an Index other than a Composite Index, the relevant Exchange and the relevant Related Exchange, if any, in respect of such Index are scheduled to be open for trading during their respective regular trading session(s), and (b) in respect of a Composite Index, (i) the relevant Index Sponsor is scheduled to publish the level of such Composite Index and (ii) the relevant Related Exchange, if any, is scheduled to be open for trading during its regular trading session in respect of such Composite Index;

**"Scheduled Trading Day (Single Index Basis)"** means any day on which (a) in respect of an Index other than a Composite Index, the relevant Exchange and the relevant Related Exchange, if any, are scheduled to be open for trading during their respective regular trading session(s), and (b) in respect of a Composite Index (i) the relevant Index Sponsor is scheduled to publish the level of such Composite Index and (ii) the relevant Related Exchange, if any, is scheduled to be open for trading during its regular trading session in respect of such Composite Index;

**"Settlement Cycle"** means, in respect of an Index, the period of Clearance System Days following a trade in the security comprising such Index on the Exchange in which settlement will customarily occur according to the rules of such Exchange;

**"Settlement Price"** means, unless otherwise stated in the applicable Final Terms, in relation to each Cash Settled Security or, in the case of Warrants, if Units are specified in the applicable Final Terms, each Unit, as the case may be, subject to the provisions of this Annex 1 and as referred to in "Strike Date", "Averaging Date", "Observation Date" or "Valuation Date" in the Note Conditions or the W&C Security Conditions, as the case may be:

- (a) in the case of Index Securities relating to a Basket of Indices and in respect of each Index comprising the Basket of Indices, an amount (which shall be deemed to be a monetary value on the same basis as the Exercise Price (in the case of Warrants) or in the Index Currency (in the case of Certificates)) equal to the official closing level for such Index as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of such Index determined by the Calculation Agent as set out in the applicable Final Terms at the Valuation Time on (i) if Averaging is not specified in the applicable Final Terms, the relevant Settlement Price Date or (ii) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, multiplied by the relevant Weighting; and
- (b) in the case of Index Securities relating to a single Index, an amount (which shall be deemed to be a monetary value on the same basis as the Exercise Price (in the case of Warrants) or in the Index Currency (in the case of Notes or Certificates)) equal to the official closing level of the Index as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent as set out in the applicable Final Terms at the Valuation Time on (i) if Averaging is not specified in the applicable Final Terms, the relevant Settlement Price Date or (ii) if Averaging is specified in the applicable Final Terms, an Averaging Date;

**"Settlement Price Date"** means the Strike Date, an Observation Date or the Valuation Date, as the case may be; and

**"Trading Disruption"** means:

- (a) in respect of a Composite Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to such Index on the Related Exchange; and
- (b) in the case of an Index which is not a Composite Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (i) on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index; or (ii) in futures or options contracts relating to the relevant Index on any relevant Related Exchange.

## **2. Market Disruption**

**"Market Disruption Event"** means:

- (a) in respect of a Composite Index either:

- (i) (A) the occurrence or existence, in respect of any Component Security, of:
  - I. a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded;
  - II. an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one-hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; or
  - III. an Early Closure in respect of such Component Security; and
- (B) in respect of a Multi-Exchange Index only the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of such Index; or
- (ii) the occurrence or existence, in respect of futures or options contracts relating to such Index, of: (A) a Trading Disruption; (B) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one-hour period that ends at the Valuation Time in respect of the Related Exchange; or (C) an Early Closure, in each case in respect of such futures or options contracts.

In the case of a Multi-Exchange Index, for the purposes of determining whether a Market Disruption Event exists in respect of a Component Security at any time, if a Market Disruption Event occurs in respect of such Component Security at that time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (x) the portion of the level of such Index attributable to that Component Security to (y) the overall level of such Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data"; and

- (b) in the case of Indices other than Composite Indices, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, or (iii) an Early Closure. For the purposes of determining whether a Market Disruption Event in respect of such Index exists at any time, if a Market Disruption Event occurs in respect of a security included in such Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (A) the portion of the level of such Index attributable to that security and (B) the overall level of such Index, in each case immediately before the occurrence of such Market Disruption Event.

The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable, of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been the Strike Date, an Averaging Date, an Observation Date, the Automatic Early Redemption Valuation Date or a Valuation Date, as the case may be.

### 3. Adjustments to an Index

#### 3.1 Successor Index Sponsor Calculates and Reports an Index

If a relevant Index is (a) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (the "**Successor Index Sponsor**") acceptable to the Calculation Agent, or (b) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that index (the "**Successor Index**") will be deemed to be the Index.

### 3.2 Modification and Cessation of Calculation of an Index

If (a) on or prior to the Strike Date, the last Averaging Date, the last Observation Date or the last Valuation Date, the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation and other routine events) (an "**Index Modification**"), or permanently cancels a relevant Index and no Successor Index exists (an "**Index Cancellation**"), or (b) on the Strike Date, an Averaging Date, an Observation Date or a Valuation Date, the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and announce a relevant Index (an "**Index Disruption**") and, together with an Index Modification and an Index Cancellation, each an "**Index Adjustment Event**"), then:

- (a) the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Securities and, if so, shall calculate the relevant Settlement Price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Strike Date, that Valuation Date, that Observation Date or that Averaging Date, as the case may be, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities that comprised that Index immediately prior to that Index Adjustment Event; or
- (b) in the case of Warrants, the Issuer may cancel the Warrants by giving notice to Holders in accordance with W&C Security Condition 10. If the Warrants are so cancelled, the Issuer will pay an amount to each Holder in respect of each Warrant, or if Units are specified in the applicable Final Terms, each Unit being cancelled at an amount equal to the fair market value of a Warrant or a Unit, as the case may be, taking into account the Index Adjustment Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with W&C Security Condition 10; or
- (c) in the case of Notes or Certificates:
  - (i) unless Delayed Redemption on Occurrence of Index Adjustment Event is specified as being applicable in the applicable Final Terms, the Issuer may redeem the Securities by giving notice to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable. If the Securities are so redeemed the Issuer will pay an amount to each Holder in respect of each Security being redeemed at an amount equal to the fair market value of a Security taking into account the Index Adjustment Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable; or
  - (ii) if Delayed Redemption on Occurrence of Index Adjustment Event is specified as being applicable in the applicable Final Terms, the Calculation Agent shall calculate the fair market value of each Security taking into account the Index Adjustment Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Index Adjustment Amount**") as soon as practicable following the occurrence of the Index Adjustment Event (the "**Calculated Index Adjustment Amount Determination Date**") and on the Redemption Date (in the case of Certificates) or the Maturity Date (in the case of Notes) shall redeem each Security at an amount calculated by the Calculation Agent equal to (x) the Calculated Index Adjustment Amount plus interest accrued from and including the Calculated Index Adjustment Amount Determination Date to but excluding the Redemption Date (in the case of Certificates) or the Maturity Date (in the case of Notes) at a rate equal to Issuer's funding cost at such time or (y) if Principal Protected Termination Amount is specified as being applicable in the applicable Final Terms and if greater, the Notional Amount (in the case of a Certificate) or at its nominal amount (in the case of a Note).

### 3.3 Notice

The Calculation Agent shall, as soon as practicable, notify the Security Agent, of any determination made by it pursuant to paragraph 3.2 above and the action proposed to be taken in relation thereto and such Security Agent, shall make available for inspection by Holders copies of any such determinations.

## 4. Correction of Index

With the exception of any corrections published after the day which is three Exchange Business Days prior to the due date for any payment under the Securities, if the Index published on a given day and used or to be used by the Calculation Agent to make any determination under the Securities is subsequently corrected and the correction is published by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor, (a) in respect of a Composite Index, no later than five Exchange Business Days following the date of the original publication, or (b) in respect of an Index which is not a Composite Index, within the number of days equal to the Index Correction Period of the original publication, the level to be used shall be the level of the Index as so corrected. Corrections published after the day which is three Exchange Business Days prior to a due date for payment under the Securities will be disregarded by the Calculation Agent for the purposes of determining the relevant amount to be paid.

## 5. Custom Index

Index Security Conditions 6 to 8 apply if "Custom Index" is specified as applicable in the applicable Final Terms. In the event of any inconsistency between the provisions of Index Security Conditions 6 to 8 and the other Index Security Conditions, the provisions of Index Security Conditions 6 to 8 shall prevail.

## 6. Adjustments to a Custom Index and Custom Index Disruption

### 6.1 Successor Index Sponsor Calculates and Reports an Index

If a relevant Custom Index is (a) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (the "**Successor Custom Index Sponsor**") acceptable to the Calculation Agent, or (b) replaced by a successor custom index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Custom Index, then in each case that custom index (the "**Successor Custom Index**") will be deemed to be the Custom Index.

### 6.2 Modification and Cessation of Calculation of a Custom Index and Custom Index Disruption

If (a) on or prior to the Strike Date, the last Valuation Date, the last Observation Date or the last Averaging Date, the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Custom Index or in any other way materially modifies that Custom Index (other than a modification prescribed in that formula or method to maintain that Custom Index in the event of changes in constituent components and capitalisation, contracts or commodities and other routine events) (a "**Custom Index Modification**"), or permanently cancels a relevant Custom Index and no Successor Custom Index exists (a "**Custom Index Cancellation**"), or (b) on the Strike Date, a Valuation Date, an Observation Date or an Averaging Date, the Index Sponsor or (if applicable) the Successor Custom Index Sponsor fails to calculate and announce a relevant Custom Index or it is not a Custom Index Business Day (a "**Custom Index Disruption**" and, together with a Custom Index Modification and a Custom Index Cancellation, each a "**Custom Index Adjustment Event**"), then:

- (a) in the case of Custom Index Securities relating to a single Custom Index where Scheduled Custom Index Business Days (Single Index Basis) is specified as applicable in the applicable Final Terms, then:
  - (i) if the Custom Index Adjustment Event is a Custom Index Disruption which occurs or is occurring on the last Valuation Date, last Averaging Date or last Observation Date, then such Valuation Date, Averaging

Date or Observation Date, as the case may be, shall be the first succeeding Scheduled Custom Index Business Day on which a Custom Index Disruption is not occurring, unless there is a Custom Index Disruption on each of the number of consecutive Scheduled Custom Index Business Days equal to the Specified Maximum Days of Disruption immediately following the scheduled Valuation Date, Averaging Date or Observation Date, as the case may be, in which case the last such consecutive Scheduled Custom Index Business Day shall be deemed to be the Valuation Date, Averaging Date or Observation Date, as the case may be, notwithstanding the Custom Index Disruption and the Calculation Agent shall determine the Settlement Price by using commercially reasonable efforts to determine the level of the Custom Index as of the Valuation Time on the last such consecutive Scheduled Custom Index Business Day in accordance with the formulae for and method of calculating the Custom Index last in effect prior to the occurrence of the Custom Index Disruption and using its good faith estimate of the value for the components of the Custom Index;

- (ii) following a Custom Index Modification or Custom Index Cancellation at any time or a Custom Index Disruption (which in the latter case occurs or is occurring on the Strike Date, an Averaging Date (other than the last Averaging Date), an Observation Date (other than the last Observation Date) or a Valuation Date (other than the last Valuation Date), the Calculation Agent shall determine if such Custom Index Adjustment Event has a material effect on the Securities and, if so:
  - (A) if the Custom Index Adjustment Event is a Custom Index Disruption which occurs or is occurring on the Strike Date, an Averaging Date or Observation Date, the Calculation Agent may determine that the Strike Date, relevant Averaging Date or Observation Date, as the case may be, shall be the first succeeding Scheduled Custom Index Business Day (in the case of the Strike Date) or Valid Date (in the case of an Averaging Date or Observation Date, as the case may be) unless there is a Custom Index Disruption on each of the number of consecutive Scheduled Custom Index Business Days equal to the Specified Maximum Days of Disruption immediately following the scheduled Strike Date, Averaging Date or Observation Date, as the case may be, in which case the Calculation Agent may determine that the last such consecutive Scheduled Custom Index Business Day shall be deemed to be the Strike Date, Averaging Date or Observation Date, as the case may be (irrespective, in the case of an Averaging Date or Observation Date, of whether that last consecutive Scheduled Custom Index Business Day is already an Averaging Date or Observation Date, as the case may be) and may determine the Settlement Price by using commercially reasonable efforts to determine a level of the Custom Index as of the Valuation Time on the last such consecutive Scheduled Custom Index Business Day in accordance with the formulae for and method of calculating the Custom Index last in effect prior to the occurrence of the Custom Index Disruption and using its good faith estimate of the value for the components of the Custom Index; or
  - (B) the Calculation Agent may use commercially reasonable efforts to select a successor index with a substantially similar strategy as the original Custom Index and, upon selection of such index, the Calculation Agent shall promptly notify the Holders in accordance with W&C Security Condition 10 or Note Condition 16, as applicable, and such index shall become the Successor Custom Index and shall be deemed to be the "Custom Index" for the purpose of the Securities and the Calculation Agent will make such adjustment, if any, to one or more of the terms of the Securities as the Calculation Agent in its sole and absolute discretion determines appropriate; or
  - (C) the Calculation Agent may determine in its sole and absolute discretion such other appropriate adjustments, if any, to be made to the terms of the Securities to account for the Custom Index Adjustment Event and determine the effective date of those adjustments; or

- (D) in the case of Warrants, the Calculation Agent may require the Issuer to cancel the Warrants in which case it will so notify the Issuer and the Issuer will give notice to Holders in accordance with W&C Security Condition 10. If the Warrants are so cancelled the Issuer will pay an amount to each Holder in respect of each Warrant being cancelled at an amount equal to the fair market value of each Warrant, taking into account the Custom Index Adjustment Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with W&C Security Condition 10; or
- (E) in the case of Notes or Certificates:
- I. unless Delayed Redemption on Occurrence of Custom Index Adjustment Event is specified as being applicable in the applicable Final Terms, the Issuer may redeem the Securities by giving notice to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable. If the Securities are so redeemed the Issuer will pay an amount to each Holder in respect of each Security being redeemed at an amount equal to the fair market value of such Security taking into account the Custom Index Adjustment Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with Note Condition 16 or W&C Security Conditions 10, as applicable; or
- II. if Delayed Redemption on Occurrence of Custom Index Adjustment Event is specified as being applicable in the applicable Final Terms, the Calculation Agent shall calculate the fair market value of each Security taking into account the Custom Index Adjustment Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Custom Index Adjustment Event Amount**") as soon as practicable following the occurrence of the Custom Index Adjustment Event (the "**Calculated Custom Index Adjustment Event Amount Determination Date**") and on the Redemption Date (in the case of Certificates) or the Maturity Date (in the case of Notes) shall redeem each Certificate at an amount calculated by the Calculation Agent equal to the Calculated Custom Index Adjustment Event Amount plus interest accrued from and including the Calculated Custom Index Adjustment Event Amount Determination Date to but excluding the Redemption Date (in the case of Certificates) or the Maturity Date (in the case of Notes) at a rate specified in the applicable Final Terms, or if no rate is specified in the applicable Final Terms, no amount of additional interest shall be payable; or
- (F) in the case of a Custom Index Modification which occurs on the last Valuation Date, last Averaging Date or last Observation Date only, the Calculation Agent may elect to calculate the level of the Custom Index, using in lieu of the published level for the Custom Index as of the Valuation Date, Averaging Date or Observation Date, as the case may be, the level of the Custom Index as of that date determined by the Calculation Agent in accordance with the formula for and method of calculating the Custom Index last in effect prior to the Custom Index Modification but using only those components that comprised the Custom Index prior to the Custom Index Modification.



- (b) in the case of Custom Index Securities relating to a Basket of Custom Indices where Scheduled Custom Index Business Days (All Indices Basis) is specified as applicable in the applicable Final Terms, then:
- (i) if the Custom Index Adjustment Event is a Custom Index Disruption which occurs or is occurring in respect of any Custom Index (each an "**Affected Custom Index**") on the last Valuation Date, last Averaging Date or last Observation Date, then such Valuation Date, Averaging Date or Observation Date, as the case may be, for all Custom Indices in the Basket shall be the first succeeding Scheduled Custom Index Business Day on which a Custom Index Disruption is not occurring in respect of any of the Custom Indices in the Basket, unless there is a Custom Index Disruption in respect of any one of the Custom Indices in the Basket on each of the number of consecutive Scheduled Custom Index Business Days equal to the Specified Maximum Days of Disruption immediately following the scheduled Valuation Date, Averaging Date or Observation Date, as the case may be, in which case the last such consecutive Scheduled Custom Index Business Day shall be deemed to be the Valuation Date, Averaging Date or Observation Date, as the case may be, for all Custom Indices in the Basket, notwithstanding the Custom Index Disruption in respect of an Affected Custom Index and the Calculation Agent shall determine the Settlement Price by using (X) in respect of any Custom Index which is not an Affected Custom Index, the method provided for in part (i) of the definition of "Settlement Price" contained in Custom Index Security Condition 8 and (Y) in respect of any Custom Index in the Basket which is an Affected Custom Index, commercially reasonable efforts to determine the level of the relevant Custom Index as of the Valuation Time on the last such consecutive Scheduled Custom Index Business Day in accordance with the formulae for and method of calculating the relevant Custom Index last in effect prior to the occurrence of the Custom Index Disruption and using its good faith estimate of the value for the components of the Custom Index;
- (ii) following a Custom Index Modification or Custom Index Cancellation at any time or a Custom Index Disruption (which in the latter case occurs or is occurring on the Strike Date, an Averaging Date (other than the last Averaging Date) or an Observation Date (other than the last Observation Date) or a Valuation Date (other than the last Valuation Date) the Calculation Agent shall determine if such Custom Index Adjustment Event has a material effect on the Securities and, if so:
- (A) if the Custom Index Adjustment Event is a Custom Index Disruption which occurs or is occurring on the Strike Date, an Averaging Date or Observation Date, the Calculation Agent may determine that the Strike Date, relevant Averaging Date or Observation Date, as the case may be, for all Custom Indices in the Basket shall be the first succeeding Scheduled Custom Index Business Day (in the case of the Strike Date) or Valid Date (in the case of an Averaging Date or Observation Date, as the case may be) on which a Custom Index Disruption is not occurring in respect of any Custom Index (each an "**Affected Custom Index**") comprised in the Basket unless there is a Custom Index Disruption on each of the number of consecutive Scheduled Custom Index Business Days equal to the Specified Maximum Days of Disruption immediately following the scheduled Strike Date, Averaging Date or Observation Date, as the case may be, in which case the Calculation Agent may determine that the last such consecutive Scheduled Custom Index Business Day shall be deemed to be the Strike Date, Averaging Date or Observation Date, as the case may be (irrespective, in the case of an Averaging Date or Observation Date, of whether that last consecutive Scheduled Custom Index Business Day is already an Averaging Date or Observation Date, as the case may be) for all Custom Indices in the Basket and may determine the Settlement Price by using (X) in respect of any Custom Index in the Basket which is not an Affected Custom Index, the method provided for in part (i) of the definition of "Settlement Price" contained in Custom Index Security Condition 8 (Definitions relating to Custom Indices) below and (Y) in respect of any Custom Index in the Basket which is an Affected Custom Index, commercially reasonable efforts to determine a level of the

relevant Custom Index as of the Valuation Time on the last such consecutive Scheduled Custom Index Business Day in accordance with the formulae for and method of calculating the relevant Custom Index last in effect prior to the occurrence of the Custom Index Disruption and using its good faith estimate of the value for the components of the Custom Index; or

- (B) the Calculation Agent may use commercially reasonable efforts to select a successor index with a substantially similar strategy as the original Custom Index and, upon selection of such index, the Calculation Agent shall promptly notify the Holders in accordance with W&C Security Condition 10 or Note Condition 16, as applicable, and such index shall become the Successor Custom Index and shall be deemed to be a "Custom Index" for the purpose of the Securities and the Calculation Agent will make such adjustment, if any, to one or more of the terms of the Securities as the Calculation Agent in its sole and absolute discretion determines appropriate; or
- (C) the Calculation Agent may determine in its sole and absolute discretion such other appropriate adjustments, if any, to be made to the terms of the Securities to account for the Custom Index Adjustment Event and determine the effective date of those adjustments; or
- (D) in the case of Warrants, the Calculation Agent may require the Issuer to cancel the Warrants in which case it will so notify the Issuer and the Issuer will give notice to Holders in accordance with W&C Security Condition 10. If the Warrants are so cancelled, the Issuer will pay an amount to each Holder in respect of each Warrant being cancelled at an amount equal to the fair market value of each Warrant, taking into account the Custom Index Adjustment Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with W&C Security Condition 10; or
- (E) in the case of Notes or Certificates:
  - I. unless Delayed Redemption on Occurrence of Custom Index Adjustment Event is specified as being applicable in the applicable Final Terms, the Issuer may redeem the Securities by giving notice to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable. If the Securities are so redeemed the Issuer will pay an amount to each Holder in respect of each Security being redeemed at an amount equal to the fair market value of a Security taking into account the Custom Index Adjustment Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable; or
  - II. if Delayed Redemption on Occurrence of Custom Index Adjustment Event is specified as being applicable in the applicable Final Terms, the Calculation Agent shall calculate the fair market value of each Security taking into account the Custom Index Adjustment Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Custom Index Adjustment Event Amount**") as soon as practicable following the occurrence of the Custom Index Adjustment Event (the "**Calculated Custom Index Adjustment Event Amount Determination Date**") and on the Redemption Date (in the case of Certificates) or the Maturity Date (in the case of Notes) shall redeem each Security at an amount calculated by the Calculation Agent equal to the Calculated Custom Index

Adjustment Event Amount plus interest accrued from and including the Calculated Custom Index Adjustment Event Amount Determination Date to but excluding the Redemption Date (in the case of Certificates) or the Maturity Date (in the case of Notes) at a rate specified in the applicable Final Terms, or if no rate is specified in the applicable Final Terms, no amount of additional interest shall be payable; or

- (F) in the case of a Custom Index Modification which occurs in respect of a Custom Index in the Basket which occurs on the last Valuation Date, last Averaging Date or last Observation Date only, the Calculation Agent may elect to calculate the level of such Custom Index, using in lieu of the published level for the Custom Index as of the Valuation Date, Averaging Date or Observation Date, as the case may be, the level of the Custom Index as of that date determined by the Calculation Agent in accordance with the formula for and method of calculating the Custom Index last in effect prior to the Custom Index Modification but using only those components that comprised the Custom Index prior to the Custom Index Modification.
- (c) in the case of Custom Index Securities relating to a Basket of Custom Indices where Scheduled Custom Index Business Days (Per Index Basis) is specified as applicable in the applicable Final Terms, then:
- (i) if the Custom Index Adjustment Event is a Custom Index Disruption which occurs or is occurring on the last Valuation Date, last Averaging Date or last Observation Date, then the Valuation Date, Averaging Date or Observation Date, as the case may be, for each Custom Index not affected by the occurrence of the Custom Index Disruption shall be the scheduled last Valuation Date, last Averaging Date or last Observation Date, as the case may be, and the Valuation Date, Averaging Date or Observation Date, as the case may be, for each Custom Index in the Basket affected by the Custom Index Disruption (each an "**Affected Custom Index**") shall be the first succeeding Scheduled Custom Index Business Day on which a Custom Index Disruption is not occurring in respect of such Affected Custom Index, unless there is a Custom Index Disruption on each of the number of consecutive Scheduled Custom Index Business Days equal to the Specified Maximum Days of Disruption immediately following the scheduled Valuation Date, Averaging Date or Observation Date, as the case may be, in which case the last such consecutive Scheduled Custom Index Business Day shall be deemed to be the Valuation Date, Averaging Date or Observation Date, as the case may be, for the relevant Affected Custom Index and the Calculation Agent shall determine the Settlement Price by using commercially reasonable efforts to determine the level of the relevant Affected Custom Index as of the Valuation Time on the last such consecutive Scheduled Custom Index Business Day in accordance with the formulae for and method of calculating the relevant Affected Custom Index last in effect prior to the occurrence of the Custom Index Disruption and using its good faith estimate of the value for the components of the Affected Custom Index;
  - (ii) following a Custom Index Modification or Custom Index Cancellation at any time or a Custom Index Disruption (which in the latter case occurs or is occurring on the Strike Date, an Averaging Date (other than the last Averaging Date) or an Observation Date (other than the last Observation Date) the Calculation Agent shall determine if such Custom Index Adjustment Event has a material effect on the Securities and, if so:
    - (A) if the Custom Index Adjustment Event is a Custom Index Disruption which occurs or is occurring on the Strike Date, an Averaging Date or Observation Date, the Calculation Agent may determine that the Strike Date, relevant Averaging Date or Observation Date, as the case may be, for each Custom Index in the Basket not affected by the occurrence of the Custom Index Disruption shall be the scheduled Strike Date, Averaging Date or Observation Date, as the case may be, and the Strike Date, Averaging Date or Observation Date, as the case may be, for each Custom Index in the Basket affected by the Custom Index Disruption (each

an "**Affected Custom Index**") shall be the first succeeding Scheduled Custom Index Business Day (in the case of the Strike Date) or Valid Date (in the case of an Averaging Date or Observation Date, as the case may be) on which a Custom Index Disruption is not occurring in respect of such Affected Custom Index unless there is a Custom Index Disruption on each of the number of consecutive Scheduled Custom Index Business Days equal to the Specified Maximum Days of Disruption immediately following the scheduled Strike Date, Averaging Date or Observation Date, as the case may be, in which case the Calculation Agent may determine that the last such consecutive Scheduled Custom Index Business Day shall be deemed to be the Strike Date, Averaging Date or Observation Date, as the case may be (irrespective, in the case of an Averaging Date or Observation Date, of whether that last consecutive Scheduled Custom Index Business Day is already an Averaging Date or Observation Date, as the case may be) for the relevant Affected Custom index and may determine the Settlement Price by using commercially reasonable efforts to determine a level of the relevant Affected Custom Index as of the Valuation Time on the last such consecutive Scheduled Custom Index Business Day in accordance with the formulae for and method of calculating the relevant Affected Custom Index last in effect prior to the occurrence of the Custom Index Disruption and using its good faith estimate of the value for the components of the Custom Index; or

- (B) the Calculation Agent may use commercially reasonable efforts to select a successor index with a substantially similar strategy as the original Custom Index and, upon selection of such index, the Calculation Agent shall promptly notify the Holders and such index shall become the Successor Custom Index and shall be deemed to be the "Custom Index" for the purpose of the Securities and the Calculation Agent will make such adjustment, if any, to one or more of the terms of the Securities as the Calculation Agent in its sole and absolute discretion determines appropriate; or
- (C) the Calculation Agent may determine in its sole and absolute discretion such other appropriate adjustments, if any, to be made to the terms of the Securities to account for the Custom Index Adjustment Event and determine the effective date of those adjustments; or
- (D) in the case of Warrants, the Calculation Agent may require the Issuer to cancel the Warrants, in which case it will so notify the Issuer and the Issuer will give notice to Holders in accordance with W&C Security Condition 10. If the Warrants are so cancelled, the Issuer will pay an amount to each Holder in respect of each Warrant being cancelled at an amount equal to the fair market value of a Warrant, taking into account the Custom Index Adjustment Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with W&C Security Condition 10; or
- (E) in the case of Notes or Certificates;
  - I. unless Delayed Redemption on Occurrence of Custom Index Adjustment Event is specified as being applicable in the applicable Final Terms, the Calculation Agent may require the Issuer to redeem the Securities, in which case it will so notify the Issuer and the Issuer will give notice to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable. If the Securities are so redeemed, the Issuer will pay an amount to each Holder in respect of each Security being redeemed at an amount equal to the fair market value of a Security taking into account the Custom Index Adjustment Event, less the cost to the Issuer and/or its Affiliates of unwinding

any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable; or

- II. if Delayed Redemption on Occurrence of Custom Index Adjustment Event is specified as being applicable in the applicable Final Terms, the Calculation Agent shall calculate the fair market value of each Security taking into account the Custom Index Adjustment Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Custom Index Adjustment Event Amount**") as soon as practicable following the occurrence of the Custom Index Adjustment Event (the "**Calculated Custom Index Adjustment Event Amount Determination Date**") and on the Redemption Date (in the case of Certificates) or the Maturity Date (as the case may be) shall redeem each Security at an amount calculated by the Calculation Agent equal to the Calculated Custom Index Adjustment Event Amount plus interest accrued from and including the Calculated Custom Index Adjustment Event Amount Determination Date to but excluding the Redemption Date at a rate specified in the applicable Final Terms, or if no rate is specified in the applicable Final Terms, no amount of additional interest shall be payable; or
- (F) in the case of a Custom Index Modification which occurs in respect of a Custom Index in the Basket on the last Valuation Date, last Averaging Date or last Observation Date only, the Calculation Agent may elect to calculate the level of such Custom Index, using in lieu of the published level for the Custom Index as of the Valuation Date, Averaging Date or Observation Date, as the case may be, the level of the Custom Index as of that date determined by the Calculation Agent in accordance with the formula for and method of calculating the Custom Index last in effect prior to the Custom Index Modification but using only those components that comprised the Custom Index prior to the Custom Index Modification.

### 6.3 Notice

The Calculation Agent shall, as soon as practicable, notify the relevant Security Agent, of any determination made by it pursuant to Index Security Condition 6.2 above and the action proposed to be taken in relation thereto and such Security Agent, shall make available for inspection by Holders copies of any such determinations.

### 7. Correction of Custom Index

With the exception of any corrections published after the day which is three Scheduled Custom Index Business Days prior to the due date for any payment under the Securities calculated by reference to the level of a Custom Index, if the level of the Custom Index published on a given day and used or to be used by the Calculation Agent to make any determination under the Securities, is subsequently corrected and the correction published by the relevant Index Sponsor within the number of days equal to the Custom Index Correction Period of the original publication, the level to be used shall be the level of the Custom Index as so corrected. Corrections published after the day which is three Scheduled Custom Index Business Days prior to a due date for payment under the Securities calculated by reference to the level of the Custom Index will be disregarded by the Calculation Agent for the purposes of determining the relevant amount to be paid.

### 8. Definitions relating to Custom Indices

Unless otherwise specified in the applicable Final Terms:

**"Averaging Date"** means the dates specified as such in the applicable Final Terms or, if any such day is not a Scheduled Custom Index Business Day, the immediately succeeding Scheduled Custom Index Business Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day, in which case the provisions of Custom Index Security Condition 6.2 (Modification and Cessation of Calculation of a Custom Index and Custom Index Disruption) shall apply;

**"Banking Day"** means any week day except for 25 December and 1 January in any year;

**"Basket"** and **"Basket of Custom Indices"** means a basket comprised of two or more Custom Indices;

**"Custom Index"** or **"Custom Indices"** mean, subject to adjustment in accordance with this Annex 1, any index or indices specified as such in the applicable Final Terms, or if not so specified, any Index which the Calculation Agent determines to be such an Index;

**"Custom Index Business Day"** means either (a) in the case of a single Custom Index, Custom Index Business Day (Single Index Basis) or (b) in the case of a Basket of Indices, Custom Index Business Day (All Indices Basis) or Custom Index Business Day (Per Index Basis), in each case as specified in the applicable Final Terms, provided that if no such specification is made in the applicable Final Terms, Custom Index Business Day (All Indices Basis) shall apply;

**"Custom Index Business Day (All Indices Basis)"** means any Scheduled Custom Index Business Day in respect of which (a) the level of the Custom Index is calculated and made available and (b) it is a Custom Index Trading Day in respect of all Custom Indices in the Basket of Custom Indices;

**"Custom Index Business Day (Per Index Basis)"** means, in respect of a Custom Index, any Scheduled Custom Index Business Day in respect of which (a) the level of the Custom Index is calculated and made available and (b) it is Custom Index Trading Day;

**"Custom Index Business Day (Single Index Basis)"** means any Scheduled Custom Index Business Day on which (a) the level of the Custom Index is calculated and made available and (b) it is a Custom Index Trading Day;

**"Custom Index Correction Period"** means the period specified in the applicable Final Terms or if none is so specified, ten (10) Scheduled Custom Index Business Days following the date on which the original level was calculated and made available by the Index Sponsor and being the date after which all corrections to the level of the Index shall be disregarded for the purposes of any calculations to be made using the level of the Custom Index;

**"Custom Index Trading Day"** means, in respect of a Custom Index, any day with respect to which the Issuer and/or any of its Affiliates determines in its sole and absolute discretion it is able to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any asset it deems necessary to hedge its obligations in respect of such Custom Index under the Securities;

**"Disrupted Day"** means any Scheduled Custom Index Business Day on which a Custom Index Disruption has occurred or is continuing in the sole and absolute discretion of the Calculation Agent;

**"Index Sponsor"** means, in relation to a Custom Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Custom Index and (b) ensures the calculation and publication of the level of such Custom Index on a regular basis (directly or through an agent) in accordance with the rules of the Custom Index, which as of the Issue Date of the Securities is the index sponsor specified for such Custom Index in the applicable Final Terms;

**"Observation Date"** means the dates specified as such in the applicable Final Terms or, if any such day is not a Scheduled Custom Index Business Day, the immediately succeeding Scheduled Custom Index Business Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day, in which case the provisions of Custom Index Security Condition 6.2 (Modification and Cessation of Calculation of a Custom Index and Custom Index Disruption) below shall apply;

**"Observation Period"** means the period specified as the Observation Period in the applicable Final Terms;

**"Scheduled Custom Index Business Day"** means either (a) in the case of a single Custom Index, Scheduled Custom Index Business Day (Single Index Basis) or (b) in the case of a Basket of Custom Indices, Scheduled Custom Index Business Day (All Indices Basis) or Scheduled Custom Index Business Day (Per Index Basis), in each case as specified in the applicable Final Terms, provided that if no such specification is made in the applicable Final Terms, Scheduled Custom Index Business Day (All Indices Basis) shall apply;

**"Scheduled Custom Index Business Day (All Indices Basis)"** means any Banking Day (a) in respect of which the level of the Custom Index is scheduled to be calculated and made available and (b) that is a Custom Index Trading Day in respect of all Custom Indices in the Basket;

**"Scheduled Custom Index Business Day (Per Index Basis)"** means in respect of a Custom Index, any Banking Day (a) on which the level of the Custom Index is scheduled to be calculated and made available and (b) that is a Custom Index Trading Day;

**"Scheduled Custom Index Business Day (Single Index Basis)"** means any Banking Day on which (a) the level of the Custom Index is scheduled to be calculated and made available and (b) that is a Custom Index Trading Day;

**"Settlement Price"** means, unless otherwise stated in the applicable Final Terms, in relation to each Cash Settled Security, subject to the provisions of this Annex and as referred to in "Valuation Date" or "Averaging Date" or "Observation Date" contained herein, as the case may be:

- (a) in the case of Index Securities relating to a Basket of Custom Indices and in respect of each Custom Index comprising the Basket of Custom Indices, an amount (which shall be deemed to be a monetary value in the Index Currency) equal to the level for each such Custom Index as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of each such Index determined by the Calculation Agent as set out in the applicable Final Terms at the Valuation Time on (a) if Averaging is not specified in the applicable Final Terms, any of the "Strike Date", "Knock-in Determination Day", "Knock-out Determination Day", "Observation Date" or the Valuation Date or (b) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, multiplied by the relevant Weighting; and
- (b) in the case of Index Securities relating to a single Index, an amount equal to the level of the Custom Index as published by the Index Sponsor as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of the Custom Index determined by the Calculation Agent as set out in the applicable Final Terms at the Valuation Time on (a) if Averaging is not specified in the applicable Final Terms, any of the "Strike Date", "Knock-in Determination Day", "Knock-out Determination Day", "Observation Date" or the Valuation Date or (b) if Averaging is specified in the applicable Final Terms, an Averaging Date;

**"Specified Maximum Days of Disruption"** means the number of days specified in the applicable Final Terms, or if not so specified, 20 Scheduled Custom Index Business Days;

**"Strike Date"** means the date(s) specified as such in the applicable Final Terms or, if any such day is not a Scheduled Custom Index Business Day, the immediately succeeding Scheduled Custom Index Business Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day, in which case the provisions of Index Security Condition 6.2 (Modification and Cessation of Calculation of a Custom Index and Custom Index Disruption) below shall apply;

**"Strike Price"** means unless otherwise specified in the applicable Final Terms, and subject as referred to in "Strike Date" above:

- (a) in the case of Index Securities relating to a single Custom Index, an amount equal to the level of the Custom Index as published by the Index Sponsor as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of the Custom Index determined by the Calculation Agent as set out in the applicable Final Terms at the Valuation Time on the Strike Date; and

- (b) in the case of Index Securities relating to a Basket of Custom Indices and in respect of each Custom Index comprising the Basket, an amount equal to the level of each such Custom Index published by the relevant Index Sponsor, in each case as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of such Custom Index determined by the Calculation Agent as set out in the applicable Final Terms at the Valuation Time on the Strike Date multiplied by the relevant Weighting.

**"Valid Date"** means a Scheduled Custom Index Business Day that is not a Disrupted Day and on which another Averaging Date or another Observation Date does not occur;

**"Valuation Date"** means, the date (in the case of Warrants), or the Interest Valuation Date and/or Automatic Early Redemption Valuation Date and/or Redemption Valuation Date (in the case of Notes or Certificates), as the case may be, specified in the applicable Final Terms or, if such day is not a Scheduled Custom Index Business Day, the immediately succeeding Scheduled Custom Index Business Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day, in which case the provisions of Index Security Condition 6.2 (Modification and Cessation of Calculation of a Custom Index and Custom Index Disruption) shall apply;

**"Valuation Time"** means, unless otherwise specified in the applicable Final Terms, the time by reference to which the Index Sponsor determines the level of the Index in its sole and absolute discretion.

## **9. Futures Price Valuation**

- 9.1 If "Futures Price Valuation" is specified as applicable in relation to an Index in the applicable Final Terms, in respect of such Index, the following provisions shall apply to these Index Security Conditions:

**"Settlement Price"** means, unless otherwise stated in the applicable Final Terms, in relation to each Cash Settled Security or, in the case of Warrants, if Units are specified in the applicable Final Terms, each Unit, as the case may be, subject to the provisions of this Annex 1:

- (a) in the case of Index Securities relating to a Basket of Indices and in respect of each Index comprising the Basket of Indices, an amount (which shall be deemed to be a monetary value in the same currency as the Exercise Price (in the case of Warrants) or the Index Currency (in the case of Notes or Certificates)) equal to the Official Settlement Price of the relevant Current Exchange-traded Contract in respect of such Index as determined by the Calculation Agent on (i) if Averaging is not specified in the applicable Final Terms, the relevant Settlement Price Date or (ii) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, multiplied by the relevant Weighting; and
- (b) in the case of Index Securities relating to a single Index, an amount (which shall be deemed to be a monetary value in the same currency as the Exercise Price (in the case of Warrants) or the Index Currency (in the case of Notes or Certificates)) equal to the Official Settlement Price of the relevant Current Exchange-traded Contract in respect of the Index as determined by the Calculation Agent on (i) if Averaging is not specified in the applicable Final Terms, the relevant Settlement Price Date or (ii) if Averaging is specified in the applicable Final Terms, an Averaging Date.

For the purposes of determining whether a day is a Scheduled Trading Day where Futures Price Valuation applies in relation to any Index or (in the case of a Basket of Indices any constituent Index) any reference to such Index or constituent Index in the definition of Scheduled Trading Day will be deemed not to apply and instead a Scheduled Trading Day must be a day on which the Official Settlement Price is published by the relevant Futures or Options Exchange in relation to each such Index to which Futures Price Valuation applies.

The Disrupted Day provisions in the Note Conditions, the W&C Security Conditions and/or these Index Security Conditions will not apply in relation to any Index or (in the case of a Basket of Indices, any Index comprising the Basket) in respect of which Futures Price Valuation applies, unless there is a Non-Commencement or Discontinuance of the



Exchange-traded Contract, in which case the Disrupted Day provisions will apply to the relevant Index or constituent Index.

For these purposes:

**"Current Exchange-traded Contract"** means (a) if the Securities are not Rolling Futures Contract Securities, the Exchange-traded Contract and (b) if the Securities are Rolling Futures Contract Securities, the futures contract determined pursuant to Index Security Condition 9.2 (Rolling Futures Contract Securities) below.

**"Exchange-traded Contract"** means, in relation to an Index, the futures or options contract(s) specified as such for the Index in the applicable Final Terms, in each case, identified by reference to (a) the Index to which it relates, (b) the Futures or Options Exchange on which each such contract is traded and (c)(i) if the Securities are not Rolling Futures Contract Securities, the delivery or expiry month of such contract or (ii) if the Securities are Rolling Futures Contract Securities, the specified period of each such contract and the Futures Rollover Date.

**"Futures or Options Exchange"** means, in respect of an Index, the relevant exchange specified in the description of the Exchange-traded Contract for such Index in the applicable Final Terms.

**"Futures Rollover Date"** means either:

- (a) the date specified as such in the applicable Final Terms; or
- (b) the date selected by the Calculation Agent in its sole and absolute discretion within the period (**"Futures Rollover Period"**) specified in the applicable Final Terms.

**"Non-Commencement or Discontinuance of the Exchange-traded Contract"** means there is no Official Settlement Price as a result of the fact that trading in the Exchange-traded Contract never commences or is permanently discontinued at any time on or prior to Valuation Date, Observation Date, Averaging Date or other date for valuation or observation or other relevant date, as the case may be, of the relevant Index.

**"Official Settlement Price"** means the official settlement price (howsoever described under the rules of the relevant Futures or Options Exchange or its clearing house) of the relevant Exchange-traded Contract published by the relevant Futures or Options Exchange or its clearing house and as determined by the Calculation Agent.

## 9.2 Rolling Futures Contract Securities

If the applicable Final Terms specify that the Securities are "Rolling Futures Contract Securities", the Securities will be valued by reference to futures contracts relating to the Index that have delivery or expiry months that do not correspond with the term of the Securities. In such case, on or prior to the Issue Date, the Calculation Agent will select an Exchange-traded Contract and for each following day until the Futures Rollover Date such futures contract will be the Current Exchange-traded Contract. On each Futures Rollover Date the Calculation Agent will select another Exchange-traded Contract and such contract shall be the Current Exchange-traded Contract until the next occurring Futures Rollover Date. Notwithstanding the provisions of 9.3 (Adjustments to an Exchange-traded Contract) or 9.4 (Non-Commencement or Discontinuance of an Exchange-traded Contract) if on a Futures Rollover Date a Non-Commencement or Discontinuance of an Exchange-traded Contract occurs and it is impossible or materially impracticable for the Calculation Agent to select an Exchange-traded Contract and/or at such time hedge the Issuer's obligations in respect of the Securities then:

- (a) in the case of Warrants, the Issuer may cancel the Warrants by giving notice to Holders in accordance with W&C Security Condition 10. If the Warrants are so cancelled, the Issuer will pay an amount to each Holder in respect of each Warrant, or if Units are specified in the applicable Final Terms, each Unit being cancelled at an amount equal to the fair market value of a Warrant or a Unit, as the case may be, taking into account the Non-Commencement or Discontinuance of the Exchange-traded Contract, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent

in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with W&C Security Condition 10; or

(b) in the case of Notes or Certificates:

- (i) unless Delayed Redemption on Occurrence of Index Adjustment Event is specified as being applicable in the applicable Final Terms, the Issuer may redeem the Securities by giving notice to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable. If the Securities are so redeemed the Issuer will pay an amount to each Holder in respect of each Security being redeemed at an amount equal to the fair market value of a Security taking into account the Non-Commencement or Discontinuance of the Exchange-traded Contract, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable; or
- (ii) if Delayed Redemption on Occurrence of Index Adjustment Event is specified as being applicable in the applicable Final Terms, the Calculation Agent shall calculate the fair market value of each Security taking into account the Non-Commencement or Discontinuance of the Exchange-traded Contract less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Contract Adjustment Amount**") as soon as practicable following the occurrence of the Non-Commencement or Discontinuance of the Exchange-traded Contract (the "**Calculated Contract Adjustment Amount Determination Date**") and on the Redemption Date (in the case of Certificates) or the Maturity Date (in the case of Notes) shall redeem each Security at an amount calculated by the Calculation Agent equal to (x) the Calculated Contract Adjustment Amount plus interest accrued from and including the Calculated Contract Adjustment Amount Determination Date to but excluding the Redemption Date at a rate equal to Issuer's funding cost at such time or (y) if Principal Protected Termination Amount is specified as being applicable in the applicable Final Terms and if greater, the Notional Amount (in the case of Certificates) or at its nominal amount (in the case of Notes).

### 9.3 Adjustments to an Exchange-traded Contract

Without duplication of Index Security Condition 3 (Adjustments to an Index) or Index Security Condition 4 (Correction of Index) (which shall govern in the event of a conflict), in the event that the terms of an Exchange-traded Contract are changed or modified by the Futures or Options Exchange, the Calculation Agent shall make the appropriate adjustment, if any, to any of the Conditions and/or the applicable Final Terms to account for such change or modification.

### 9.4 Non-Commencement or Discontinuance of an Exchange-traded Contract

Where there is a Non-Commencement or Discontinuance of an Exchange-traded Contract, the Official Settlement Price for any Valuation Date, Observation Date, Averaging Date or any other relevant date for valuation or observation, as the case may be, of the relevant Index shall be deemed to be the level of the relevant Index at the close of the regular trading session on the relevant Exchange or, in the case of a Composite Index, the time at which the official closing level of the Index is calculated and published by the Index Sponsor, in each case on the Valuation Date, Observation Date, Averaging Date or other relevant date.

### 9.5 Correction of the Official Settlement Price

With the exception of any corrections published after the day which is three Business Days prior to the due date for any payment under the Securities, if the Official Settlement Price published on a given day and used or to be used by the Calculation Agent to make any determination under the Securities is subsequently corrected and the correction is published by the relevant Futures or Options Exchange, (a) in respect of a Composite Index, no later than five Business Days following the date of the original publication, or (b) in respect of an Index which is not a Composite Index, within

the number of days equal to the Index Correction Period of the original publication, the Official Settlement Price to be used shall be the Official Settlement Price as so corrected. Corrections published after the day which is three Business Days prior to a due date for payment under the Securities will be disregarded by the Calculation Agent for the purposes of determining the relevant amount to be paid.

## ANNEX 2

### ADDITIONAL TERMS AND CONDITIONS FOR SHARE SECURITIES

If specified as applicable in the applicable Final Terms, (a) the terms and conditions applicable to Notes specified in the applicable Final Terms as Share Securities shall comprise the terms and conditions of the Notes (the "**Note Conditions**") and the additional terms and conditions for Share Securities set out below (the "**Share Security Conditions**") and (b) the terms and conditions applicable to W&C Securities specified in the applicable Final Terms as Share Securities shall comprise the terms and conditions of the W&C Securities (the "**W&C Security Conditions**") and the Share Security Conditions, in each case together with any other additional terms and conditions specified in the applicable Final Terms and subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between (i) the Note Conditions or the W&C Security Conditions, as applicable and (ii) the Share Security Conditions, the Share Security Conditions shall prevail. In the event of any inconsistency between (a)(i) the Note Conditions or the W&C Security Conditions, as applicable and/or (ii) the Share Security Conditions and (b) the Final Terms, the Final Terms shall prevail. References in the Share Security Conditions to "Security" or "Securities" shall be deemed to be references to "Note" and "Notes" or "W&C Security" or "W&C Securities" as the context admits.

#### 1. Definitions

**"Basket Company"** means each company specified as such in the applicable Final Terms and **"Basket Companies"** means all such companies;

**"Basket of Shares"** means (a) a basket composed of Shares of each Basket Company specified in the applicable Final Terms in the weightings or numbers of Shares of each Basket Company specified in the applicable Final Terms or (b) a Relative Performance Basket;

**"Clearance System"** means the principal domestic clearance system customarily used for settling trades in the relevant Share;

**"Clearance System Days"** means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of an event which results in the Clearance System being unable to clear the transfer of a relevant security would have been) open for the acceptance and execution of settlement instructions;

**"Disrupted Day"** means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred;

**"Early Closure"** means the closure on any Exchange Business Day of the relevant Exchange(s) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day and (b) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day;

**"Exchange"** means, in respect of a Share, each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange);

**"Exchange Business Day"** means either (a) in the case of a single Share, Exchange Business Day (Single Share Basis) or (b) in the case of a Basket of Shares, (i) Exchange Business Day (All Shares Basis) or (ii) Exchange Business Day (Per

Share Basis), in each case as specified in the applicable Final Terms, provided that, if no such specification is made in the applicable Final Terms, Exchange Business Day (Per Share Basis) shall apply;

**"Exchange Business Day (All Shares Basis)"** means, in respect of a Basket of Shares, any Scheduled Trading Day on which each Exchange and each Related Exchange, if any, are open for trading in respect of all Shares comprised in the Basket of Shares during their respective regular trading session(s) notwithstanding any such Exchange or Related Exchange closing prior to their Scheduled Closing Time;

**"Exchange Business Day (Per Share Basis)"** means, in respect of a Share, any Scheduled Trading Day on which the relevant Exchange and the relevant Related Exchange, if any, in respect of such Share are open for trading during their respective regular trading session(s), notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to their Scheduled Closing Time;

**"Exchange Business Day (Single Share Basis)"** means any Scheduled Trading Day on which the relevant Exchange and the relevant Related Exchange, if any, are open for trading during their respective regular trading session(s), notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to their Scheduled Closing Time;

**"Exchange Disruption"** means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (a) to effect transactions in, or obtain market values for, the Share(s) on the Exchange or (b) to effect transactions in, or obtain market values for, futures or options contracts on or relating to the Share(s) on any relevant Related Exchange;

**"Extraordinary Event Effective Date"** means, in respect of an Extraordinary Event, the date on which such Extraordinary Event occurs, as determined by the Calculation Agent in its sole and absolute discretion;

**"Related Exchange"** means, in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where "All Exchanges" is specified as the Related Exchange in the applicable Final Terms, **"Related Exchange"** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share;

**"Relative Performance Basket"** means a basket composed of Shares of each Basket Company specified in the applicable Final Terms where no weighting shall be applicable and where the Cash Settlement Amount shall be determined by reference to the Share which is either (a) the best performing, (b) the worst performing, or (c) any other performance measure that is applied to the Shares, in each case as specified in the applicable Final Terms;

**"Scheduled Trading Day"** means either (a) in the case of a single Share, Scheduled Trading Day (Single Share Basis) or (b) in the case of a Basket of Shares, (i) Scheduled Trading Day (All Shares Basis) or (ii) Scheduled Trading Day (Per Share Basis), in each case as specified in the applicable Final Terms, provided that, if no such specification is made in the applicable Final Terms, Scheduled Trading Day (Per Share Basis) shall apply;

**"Scheduled Trading Day (All Shares Basis)"** means, in respect of a Basket of Shares, any day on which each Exchange and each Related Exchange are scheduled to be open for trading in respect of all Shares comprised in the Basket of Shares during their respective regular trading session(s);

**"Scheduled Trading Day (Per Share Basis)"** means, in respect of a Share, any day on which the relevant Exchange and the relevant Related Exchange in respect of such Share are scheduled to be open for trading during their respective regular trading session(s);

**"Scheduled Trading Day (Single Share Basis)"** means any day on which the relevant Exchange and the relevant Related Exchange are scheduled to be open for trading during their respective regular trading session(s);

**"Settlement Cycle"** means in respect of a Share, the period of Clearance System Days following a trade in the Share on the Exchange in which settlement will customarily occur according to the rules of such Exchange;

**"Settlement Price"** means, unless otherwise stated in the applicable Final Terms, in relation to each Cash Settled Security, or, in the case of Warrants, if Units are specified in the applicable Final Terms, each Unit, as the case may be, subject to the provisions of this Annex 2 and as referred to in "Strike Date", "Averaging Date", "Observation Date" or "Valuation Date" in the Note Conditions or the W&C Security Conditions, as the case may be:

- (a) in the case of Share Securities relating to a Basket of Shares and in respect of each Share comprising the Basket of Shares, an amount equal to the official closing price (or the price at the Valuation Time on the relevant Settlement Price Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share on (i) if Averaging is not specified in the applicable Final Terms, the relevant Settlement Price Date or (ii) if Averaging is specified in the applicable Final Terms, an Averaging Date, or if in the opinion of the Calculation Agent, any such official closing price (or the price at the Valuation Time on the relevant Settlement Price Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and the relevant Settlement Price Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the relevant Settlement Price Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the relevant Settlement Price Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for such Share whose official closing price (or the price at the Valuation Time on the relevant Settlement Price Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be determined based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of such Share or on such other factors as the Calculation Agent shall decide), multiplied by the relevant Weighting, such value to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate, all as determined by or on behalf of the Calculation Agent; and
- (b) in the case of Share Securities relating to a single Share, an amount equal to the official closing price (or the price at the Valuation Time on the relevant Settlement Price Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share on (i) if Averaging is not specified in the applicable Final Terms, the relevant Settlement Price Date or (ii) if Averaging is specified in the applicable Final Terms, an Averaging Date, or if, in the opinion of the Calculation Agent, any such official closing price (or the price at the Valuation Time on the relevant Settlement Price Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and the relevant Settlement Price Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the relevant Settlement Price Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the relevant Settlement Price Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Share or on such other factors as the Calculation Agent shall decide), such amount to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and such converted amount to be the Settlement Price, all as determined by or on behalf of the Calculation Agent;

**"Settlement Price Date"** means the Strike Date, an Observation Date or the Valuation Date, as the case may be;

**"Shares"** and **"Share"** mean, subject to adjustment in accordance with this Annex 2, in the case of an issue of Securities relating to a Basket of Shares, each share and, in the case of an issue of Securities relating to a single Share, the share, specified in the applicable Final Terms and related expressions shall be construed accordingly;

**"Share Company"** means, in the case of an issue of Securities relating to a single Share, the company that has issued such Share;

**"Share Correction Period"** means (a) the period specified in the applicable Final Terms, or (b) if none is so specified, one Settlement Cycle; and

**"Trading Disruption"** means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or any Related Exchange or otherwise (a) relating to the Share on the Exchange; or (b) in futures or options contracts relating to the Share on any relevant Related Exchange.

## **2. Market Disruption**

**"Market Disruption Event"** means, in relation to Securities relating to a single Share or a Basket of Shares, in respect of a Share, the occurrence or existence of (a) a Trading Disruption, (b) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, or (c) an Early Closure.

The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable, of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been the Strike Date, an Averaging Date, an Observation Date, the Automatic Early Redemption Valuation Date or a Valuation Date as the case may be.

## **3. Potential Adjustment Events**

**"Potential Adjustment Event"** means any of the following:

- (a) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of the relevant Shares of (i) such Shares or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Basket Company or Share Company, as the case may be, equally or proportionately with such payments to holders of such Shares or (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Basket Company or Share Company, as the case may be, as a result of a spin-off or other similar transaction or (iv) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (c) an extraordinary dividend as determined by the Calculation Agent;
- (d) a call by a Basket Company or Share Company, as the case may be, in respect of relevant Shares that are not fully paid;
- (e) a repurchase by the Basket Company or its subsidiaries or Share Company or its subsidiaries, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

- (f) in respect of a Basket Company or Share Company, as the case may be, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Basket Company or Share Company, as the case may be, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (g) any other event that may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

**"Potential Adjustment Event Effective Date"** means, in respect of a Potential Adjustment Event, the date on which such Potential Adjustment Event is announced by the relevant Basket Company or Share Company, as the case may be, as determined by the Calculation Agent in its sole and absolute discretion.

Following the declaration by the Basket Company or Share Company, as the case may be, of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (a) make the corresponding adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (where the Securities are Physical Delivery Securities) and/or the Exercise Price (in the case of Warrants) and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share) and (b) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange.

Upon the making of any such adjustment by the Calculation Agent, the Calculation Agent shall give notice as soon as practicable to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable, stating the adjustment to any Relevant Asset and/or the Entitlement (where the Securities are Physical Delivery Securities) and/or the Exercise Price (in the case of Warrants) and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event and the Potential Adjustment Event Effective Date.

#### **4. Extraordinary Events**

- 4.1 The occurrence of any of De-Listing, Insolvency, Merger Event, Nationalisation, Tender Offer (unless Tender Offer is specified as not applicable in the applicable Final Terms), or, if specified as applicable in the applicable Final Terms, Illiquidity, Listing Change or Listing Suspension, as the case may be, shall be deemed to be an **"Extraordinary Event"**, the consequences of which are set forth in Share Security Condition 4.2:

**"De-Listing"** means, in respect of any relevant Shares, the Exchange announces that pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on (a) where the Exchange is located in the United States, any of the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market System (or their respective successors) or (b) a comparable exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

**"Illiquidity"** means, in respect of Share Securities relating to a Basket of Shares, that, in the determination of the Calculation Agent, during any period of five consecutive Scheduled Trading Days falling after the Issue Date (the **"Relevant Period"**), (a) the difference between the bid prices and the ask prices in respect of a Share during the Relevant



Period is greater than 1 per cent. (on average), and/or (b) the average purchase price or the average selling price, determined by the Calculation Agent from the order book of the relevant Share on the relevant Exchange during the Relevant Period, in relation to the purchase or sale of Shares with a value equal to or greater than EUR 10,000.00, is greater than MID plus 1 per cent. (in relation to a purchase of Shares) or lower than the MID minus 1 per cent. (in relation to a sale of Shares). For these purposes, "**MID**" means an amount equal to (i) the sum of the bid price and the ask price, in each case for the relevant Share at the relevant time, (ii) divided by two.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Basket Company or Share Company, as the case may be, (a) all the Shares of that Basket Company or Share Company, as the case may be, are required to be transferred to a trustee, liquidator or other similar official or (b) holders of the Shares of that Basket Company or Share Company, as the case may be, become legally prohibited from transferring them.

"**Listing Change**" means, in respect of any relevant Shares, that such Shares cease (or will cease) to be listed, traded or publicly quoted on the listing compartment or the relevant market of the Exchange on which such Shares were listed, traded or publicly quoted on the Issue Date of the relevant Securities, for any reason (other than a Merger Event or Tender Event).

"**Listing Suspension**" means, in respect of any relevant Shares, that the listing of such Shares on the Exchange has been suspended.

"**Merger Event**" means, in respect of any relevant Shares, any:

- (a) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person,
- (b) consolidation, amalgamation, merger or binding share exchange of a Basket Company or Share Company, as the case may be, with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding),
- (c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Basket Company or Share Company, as the case may be, that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or
- (d) consolidation, amalgamation, merger or binding share exchange of the Basket Company or its subsidiaries or the Share Company or its subsidiaries, as the case may be, with or into another entity in which the Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event,

in each case if the relevant Extraordinary Event Effective Date is on or before (i) in the case of Cash Settled Securities, the last occurring Valuation Date or where Averaging is specified in the applicable Final Terms, the final Averaging Date in respect of the relevant Security or (ii) in the case of Physical Delivery Securities, the relevant Settlement Date (in the case of Warrants), Redemption Date (in the case of Certificates) or Maturity Date (in the case of Notes).

"**Nationalisation**" means that all the Shares or all or substantially all the assets of the Basket Company or Share Company, as the case may be, are nationalised, expropriated or are otherwise transferred to any governmental agency, authority, entity or instrumentality thereof.

**"Tender Offer"** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 50 per cent. and less than 100 per cent. of the outstanding voting shares of the Basket Company or Share Company, as the case may be, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

#### 4.2 Consequences of the occurrence of an Extraordinary Event:

If an Extraordinary Event occurs in relation to a Share, the Issuer in its sole and absolute discretion may take the action described in (a), (b), (c) (in the case of Warrants), (d) (in the case of Notes or Certificates) or (e) (in each case, if applicable) or, in the case of Securities relating to a Basket of Shares (f) below:

- (a) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Securities are Physical Delivery Securities) and/or the Exercise Price (in the case of Warrants) and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the relevant Extraordinary Event and determine the effective date of that adjustment. The relevant adjustments may include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Securities. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the relevant Extraordinary Event made by any options exchange to options on the Shares traded on that options exchange. In addition, in relation to a Basket of Shares, the Calculation Agent may adjust the Basket of Shares in accordance with the provisions of subparagraph (f) below;
- (b) in the case of Share Securities relating to a Basket of Shares, cancel (in the case of Warrants) or redeem (in the case of Notes or Certificates) in part by giving notice to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable. If the Securities are so cancelled or redeemed, as the case may be, in part the portion (the **"Settled Amount"**) of each Security, or, in the case of Warrants, if Units are specified in the applicable Final Terms, each Unit, as the case may be, representing the affected Share(s) shall be cancelled or redeemed, as the case may be, and the Issuer will:
  - (i) pay to each Holder in respect of each Security or Unit, as the case may be, held by him an amount equal to the fair market value of the Settled Amount taking into account the relevant Extraordinary Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion; and
  - (ii) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Securities are Physical Delivery Securities) and/or the Exercise Price (in the case of Warrants) and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for such cancellation or redemption, as the case may be, in part.

For the avoidance of doubt the remaining part of each Security or Unit, as the case may be, after such cancellation or redemption, as the case may be, and adjustment shall remain outstanding with full force and effect. Payments will be made in such manner as shall be notified to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable;

- (c) in the case of Warrants, on giving notice to Holders in accordance with W&C Security Condition 10, cancel all but not some only of the Warrants, or if Units are specified in the applicable Final Terms, Units, as the case may be, by payment of an amount equal to the fair market value of a Warrant or Unit, as the case may be, taking into account the relevant Extraordinary Event, less the cost to the Issuer and/or its Affiliates of unwinding any

underlying related hedging arrangements, plus if already paid, the Exercise Price, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with W&C Security Condition 10;

- (d) in the case of Notes or Certificates;
  - (i) unless Delayed Redemption on Occurrence of an Extraordinary Event is specified as being applicable in the applicable Final Terms, on giving notice to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable, redeem all but not some only of the Securities at the amount equal to the fair market value of a Security taking into account the relevant Extraordinary Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable; or
  - (ii) if Delayed Redemption on Occurrence of an Extraordinary Event is specified as being applicable in the applicable Final Terms, the Calculation Agent shall calculate the fair market value of each Security, taking into account the relevant Extraordinary Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Extraordinary Event Amount**") as soon as practicable following the occurrence of the relevant Extraordinary Event (the "**Calculated Extraordinary Event Amount Determination Date**") and on the Redemption Date (in the case of Certificates) or the Maturity Date (in the case of Notes) shall redeem each Security at an amount calculated by the Calculation Agent equal to (x) the Calculated Extraordinary Event Amount plus interest accrued from and including the Calculated Extraordinary Event Amount Determination Date to but excluding the Redemption Date (in the case of Certificates) or the Maturity Date (in the case of Notes) at a rate equal to Issuer's funding cost at such time or (y) if Principal Protected Termination Amount is specified as applicable in the applicable Final Terms and if greater, the Notional Amount (in the case of Certificates) or at its nominal amount (in the case of Notes);
- (e) following such adjustment to the settlement terms of options on the Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the "**Options Exchange**"), require the Calculation Agent to make a corresponding adjustment to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Securities are Physical Delivery Securities) and/or the Exercise Price (in the case of Warrants) and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Securities are Physical Delivery Securities) and/or the Exercise Price (in the case of Warrants) and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the relevant Extraordinary Event, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded; or
- (f) on or after the relevant Extraordinary Event Effective Date, the Calculation Agent may adjust the Basket of Shares to include a Share selected by it in accordance with the criteria for Share selection set out below (each, a "**Substitute Share**") for each Share (each, an "**Affected Share**") of each Basket Company (each, an "**Affected Basket Company**") which is affected by such Extraordinary Event and the Substitute Share will be deemed to be a "**Share**" and the relevant issuer of such shares a "**Basket Company**" for the purposes of the Securities, and the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Securities are Physical Delivery Securities) and/or the Exercise Price (in the

case of Warrants) and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, provided that (i) in the case of Notes or Certificates, in the event that any amount payable under the Securities was to be determined by reference to the Initial Price of the Affected Share, the Initial Price of each Substitute Share will be determined by the Calculation Agent in accordance with the following formula, and (ii) in the case of Warrants, the Exercise Price will be determined by the Calculation Agent in accordance with the following formula:

Initial Price (in the case of Notes or Certificates)/Exercise Price (in the case of Warrants) =  $A \times (B/C)$  where:

"A" is the official closing price of the relevant Substitute Share on the relevant Exchange on the Substitution Date;

"B" is, in the case of Warrants, the Exercise Price, or, in the case of Notes or Certificates, the Initial Price of the relevant Affected Share; and

"C" is the official closing price of the relevant Affected Share on the relevant Exchange on the Substitution Date.

Such substitution and the relevant adjustment to the Basket of Shares will be deemed to be effective as of the date selected by the Calculation Agent (the "**Substitution Date**") in its sole and absolute discretion and specified in the notice referred to below which may, but need not, be the relevant Extraordinary Event Effective Date.

The Weighting of each Substitute Share in the Basket of Shares will be equal to the Weighting of the relevant Affected Share.

In order to be selected as a Substitute Share, the relevant share must satisfy the following criteria, in the sole and absolute discretion of the Calculation Agent:

- (i) where the relevant Extraordinary Event is a Merger Event or a Tender Offer and the relevant share is not already included in the Basket of Shares, the relevant share shall be an ordinary share of the entity or person (other than the Affected Basket Company) involved in the Merger Event or the making of the Tender Offer, that is, or that as of the relevant Extraordinary Event Effective Date is promptly scheduled to be, (A) publicly quoted, traded or listed on an exchange or quotation system located in the same country as the relevant Exchange (or, where the relevant Exchange is within the European Union, in any member state of the European Union) and (B) not subject to any currency exchange controls, trading restrictions or other trading limitations; or
- (ii) where the relevant Extraordinary Event is a Merger Event or a Tender Offer and a share would otherwise satisfy the criteria set out in paragraph (i) above, but such share is already included in the Basket of Shares, or in the case of an Extraordinary Event other than a Merger Event or a Tender Offer:
  - (A) the relevant issuer of the share shall belong to the same economic sector as the Affected Basket Company; and
  - (B) the relevant issuer of the share shall have a comparable market capitalisation, international standing and exposure as the Affected Basket Company.

Upon the occurrence of an Extraordinary Event, if the Calculation Agent determines that an adjustment in accordance with the above provisions is necessary it shall notify the Issuer thereof as soon as practicable, and the Issuer shall give notice as soon as practicable to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable, stating the occurrence of the Extraordinary Event, giving details thereof and the action proposed to be taken in relation thereto including, in the case of a Share Substitution, the identity of the Substitute Shares and the Substitution Date.

## 5. Correction of Share Price

With the exception of any corrections published after the day which is three Exchange Business Days prior to the due date for any payment under the Securities, if the price of the relevant Share published on a given day and used or to be used by the Calculation Agent to make any determination under the Securities is subsequently corrected and the correction is published by the relevant Exchange within the number of days equal to the Share Correction Period of the original publication, the price to be used shall be the price of the relevant Share as so corrected. Corrections published after the day which is three Exchange Business Days prior to a due date for payment under the Securities will be disregarded by the Calculation Agent for the purposes of determining the relevant amount.

## 6. Dividend Payment

If "Dividend Payment" is specified as being applicable in the applicable Final Terms, the following provisions shall apply to the Securities:

- (a) In the event that on or after the Issue Date a Cash Dividend is paid by the Share Company or Basket Company, as the case may be, notwithstanding any provisions in these Terms and Conditions to the contrary, the Calculation Agent shall calculate (i) the relevant Distributed Amount and (ii) the relevant Dividend Date.
- (b) As soon as practicable following the Dividend Date, the Issuer shall give notice (a "**Cash Dividend Notice**") to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable, of the Cash Dividend and the relevant Cash Dividend Payment Date and the Issuer, or failing which the Guarantor, if applicable, shall pay to each Holder on the Cash Dividend Payment Date an amount equal to the Cash Dividend Amount in respect of each Security held by him on the Cash Dividend Payment Date, provided that if the relevant Dividend Date has not occurred prior to the Actual Exercise Date (in the case of Warrants), the Redemption Date (in the case of Certificates) or the Maturity Date (in the case of Notes), the Issuer shall not be obliged to pay such Cash Dividend Amount and the Issuer and/or the Guarantor, if applicable, shall have no further obligation in respect thereof.
- (c) The Cash Dividend Notice shall specify the manner in which the Cash Dividend Amount shall be paid to each Holder.

For the purposes of this Share Security Condition 6 the following definitions shall apply:

"**Cash Dividend**" means any cash dividend paid by the Share Company or Basket Company in respect of a Share;

"**Cash Dividend Amount**" means, in respect of a Security, an amount calculated by the Calculation Agent equal to the Distributed Amount less a pro rata share of Dividend Expenses, such amount to be converted into the Settlement Currency at an exchange rate determined by the Calculation Agent in its sole and absolute discretion on or as soon as practicable after the Dividend Date;

"**Cash Dividend Payment Date**" means, in respect of a Cash Dividend, the date specified as such in the relevant Cash Dividend Notice;

"**Distributed Amount**" means, in respect of a Cash Dividend, the amount of such dividend paid by the Share Company in respect of a Share, as determined by the Calculation Agent in its sole and absolute discretion;

"**Dividend Date**" means, in respect of a Cash Dividend, the date on which such Cash Dividend would be received by a holder of the Share as determined by the Calculation Agent in its sole and absolute discretion; and

"**Dividend Expenses**" means all present, future or contingent withholding, capital gain, profit, transactional or business tax or other similar tax or duty (including stamp duty) and/or expenses (including any applicable depositary charges, transaction charges, issue, registration, transfer and/or other expenses) which the Calculation Agent determines have been

or may be deducted and/or may arise or may have arisen in respect of the Cash Dividend and/or any payment of the Cash Dividend Amount in respect of the Securities.

## **7. GDR/ADR**

Share Security Conditions 8 to 12 (inclusive) apply where "GDR/ADR" is specified in the applicable Final Terms.

## **8. Definitions relating to GDR/ADR**

"**ADR**" means an American Depositary Receipt;

"**Conversion Event**" means any event which in the sole and absolute determination of the Calculation Agent results (or will result) in the GDRs and/or ADRs being converted into Underlying Shares or any other listed Securities of the issuer of the Underlying Shares;

"**GDR**" means a Global Depositary Receipt; and

"**Underlying Shares**" means the shares underlying an ADR or GDR, as the case may be.

## **9. General**

Save where specifically provided under the Final Terms, all references in the Note Conditions or the W&C Security Conditions, as applicable, and the Share Security Conditions to the "Shares" shall be deemed to be to the GDRs or ADRs, as applicable, and/or the Underlying Shares, references to the "Share Company" or "Basket Company", as applicable, shall be deemed to be to the issuer of the GDRs or ADRs, as the case may be, and the issuer of the Underlying Shares, and references to the "Exchange" shall be deemed to be to the exchange or quotation system on which the GDRs or ADRs, as the case may be, are listed and the exchange or quotation system on which the Underlying Shares are listed, and with such additional or alternative modifications as the Calculation Agent may consider necessary or otherwise desirable provided that any such amendment is not materially prejudicial to the holders of Securities.

## **10. Share Event**

Upon the occurrence of a Share Event, the Issuer in its sole and absolute discretion may take the action described in paragraphs (a), (b), (c) (in the case of Warrants), (d) (in the case of Notes or Certificates), (e) or (f), as applicable, of Share Security Condition 4.2. The Issuer shall give notice as soon as practicable to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable, stating the occurrence of the Share Event, giving details thereof and the action proposed to be taken in relation thereto.

"**Share Event**" means each of the following events:

- (a) written instructions have been given by the Issuer to the depositary of the Underlying Shares to withdraw or surrender the Underlying Shares;
- (b) the termination of the deposit agreement in respect of the Underlying Shares.

If an event constitutes both a Share Event and an Additional Disruption Event, the Calculation Agent shall have absolute discretion to determine which of these events such event constitutes.

## **11. Potential Adjustment Event**

The following additional event shall be deemed added to paragraph (b) of the definition of Potential Adjustment Event in Share Security Condition 3:

"and/or a distribution in respect of the Underlying Shares of property other than cash, shares or rights relating to any Underlying Shares to the holder of the Underlying Shares".

## **12. Extraordinary Events**

The following additional events shall be deemed added to the first paragraph of Share Security Condition 4.1 after the words "as not applicable in the applicable Final Terms)":

"Conversion Event".

## ANNEX 3

### ADDITIONAL TERMS AND CONDITIONS FOR ETI SECURITIES

If specified as applicable in the applicable Final Terms, (a) the terms and conditions applicable to Notes specified in the applicable Final Terms as ETI Securities shall comprise the terms and conditions of the Notes (the "**Note Conditions**") and the additional terms and conditions for ETI Securities set out below (the "**ETI Security Conditions**") and (b) the terms and conditions applicable to W&C Securities specified in the applicable Final Terms as ETI Securities shall comprise the terms and conditions of the W&C Securities (the "**W&C Security Conditions**") and the ETI Security Conditions, in each case together with any other additional terms and conditions specified in the applicable Final Terms and subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between (i) the Note Conditions or the W&C Security Conditions, as applicable, and (ii) the ETI Security Conditions, the ETI Security Conditions shall prevail. In the event of any inconsistency between (a)(i) the Note Conditions or the W&C Security Conditions, as applicable Conditions and/or (ii) the ETI Security Conditions and (b) the Final Terms, the Final Terms shall prevail. References in the ETI Security Conditions to "Security" or "Securities" shall be deemed to be references to "Note" or "Notes" or W&C Security" or "W&C Securities" as the context admits.

#### 1. Definitions

"**Additional Extraordinary ETI Event**" means any event specified as such in the applicable Final Terms;

"**Basket Trigger Event**" means that an Extraordinary ETI Event occurs in respect of one or more ETI Interests or the related ETI comprising the ETI Basket which has or, in the event that an Extraordinary ETI Event has occurred in respect of more than one ETI, together have, a Weighting in the ETI Basket equal to or greater than the Basket Trigger Level;

"**Basket Trigger Level**" has the meaning given to it in the applicable Final Terms or if not so specified, 50 per cent;

"**Calculation Date**" means each day(s) specified in the applicable Final Terms, or if not so specified, each day which is an Exchange Business Day;

"**Clearance System**" means the applicable domestic clearance system customarily used for settling trades in the relevant ETI Interest;

"**Clearance System Days**" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of an event which results in the Clearance System being unable to clear the transfer of a relevant security would have been) open for the acceptance and execution of settlement instructions;

"**Disrupted Day**" means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred;

"**Dividend Event**" means that with reference to the later of (i) the two financial years prior to the Trade Date, and (ii) the two financial years prior to the relevant observation date, the ETI has implemented a material change to its practice with respect to the payment of dividends;

"**Early Closure**" means the closure on any Exchange Business Day of the relevant Exchange(s) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day;



"**ETI**" means (i) any exchange traded fund, (ii) the issuer of (A) an exchange traded note, (B) exchange traded commodity or (C) any other exchange traded product or (iii) any other exchange traded entity specified as an ETI in the applicable Final Terms;

"**ETI Basket**" means, where the ETI Securities are linked to the performance of ETI Interests of more than one ETI, a basket comprising such ETI Interests;

"**ETI Documents**" means, unless specified otherwise in the applicable Final Terms, with respect to any ETI Interest, the offering document of the relevant ETI in effect on the Hedging Date specifying, among other matters, the terms and conditions relating to such ETI Interests and, for the avoidance of doubt, any other documents or agreements in respect of the ETI, as may be further described in any ETI Document;

"**ETI Interest(s)**" means (i) in respect of an exchange traded fund, an ownership interest issued to or held by an investor in such ETI, (ii) in respect of an exchange traded note or an exchange traded commodity, a unit or note, as the case may be, issued by such ETI, or (iii) in respect of any other exchange traded product, any other interest specified as an ETI Interest in the applicable Final Terms;

"**ETI Interest Correction Period**" means (a) the period specified in the applicable Final Terms, or (b) if none is so specified, one Settlement Cycle;

"**ETI Related Party**" means, in respect of any ETI, any person who is appointed to provide services (howsoever described in any ETI Documents), directly or indirectly, in respect of such ETI, whether or not specified in the ETI Documents, including any advisor, manager, administrator, operator, management company, depository, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent, domiciliary agent, sponsor or general partner and any other person specified as such in the applicable Final Terms and in the case of an exchange traded note or exchange traded commodity, the calculation agent;

"**Exchange**" means in relation to an ETI Interest, each exchange or quotation system specified as such for the relevant ETI in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the ETI Interest has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such ETI Interest on such temporary substitute exchange or quotation system as on the original Exchange);

"**Exchange Business Day**" means either (i) in the case of a single ETI Interest, Exchange Business Day (Single ETI Interest Basis) or (ii) in the case of an ETI Basket, Exchange Business Day (All ETI Interests Basis) or Exchange Business Day (Per ETI Interest Basis), in each case as specified in the applicable Final Terms, provided that, if no such specification is made in the applicable Final Terms, Exchange Business Day (Per ETI Interest Basis) shall apply;

"**Exchange Business Day (All ETI Interests Basis)**" means, in respect of an ETI Basket, any Scheduled Trading Day on which each Exchange and each Related Exchange, if any, are open for trading in respect of all ETI Interests comprised in the ETI Basket during their respective regular trading session(s) notwithstanding any such Exchange or Related Exchange closing prior to their Scheduled Closing Time;

"**Exchange Business Day (Per ETI Interest Basis)**" means, in respect of an ETI Interest, any Scheduled Trading Day on which the relevant Exchange and the relevant Related Exchange, if any, in respect of such ETI Interest are open for trading during their respective regular trading session(s), notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to their Scheduled Closing Time;

"**Exchange Business Day (Single ETI Interest Basis)**" means, in respect of an ETI Interest, any Scheduled Trading Day on which the relevant Exchange and the relevant Related Exchange (if any) are open for trading during their respective regular trading session(s), notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to their Scheduled Closing Time;

**"Exchange Disruption"** means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the ETI Interest on the Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts on or relating to the ETI Interest on any relevant Related Exchange;

**"Extraordinary ETI Event Effective Date"** means, in respect of an Extraordinary ETI Event, the date on which such Extraordinary ETI Event occurs, or has occurred, as determined by the Calculation Agent in its sole and absolute discretion;

**"Final Calculation Date"** means the date specified as such in the applicable Final Terms;

**"Hedge Provider"** means the party (being, *inter alios*, the Issuer, the Guarantor (if applicable), the Calculation Agent, an affiliate or any third party) from time to time who hedges the Issuer's obligations in respect of the Securities or where no such party actually hedges such obligations, a Hypothetical Investor, who shall be deemed to enter into transactions as if hedging such obligations. The Hedge Provider will hold or be deemed to hold such number of ETI Interests, or enter or be deemed to enter into any agreement to purchase or deliver, or pay an amount linked to the performance of, such number of ETI Interests as it (or in the case of a Hypothetical Investor, the Calculation Agent) considers would be held by a prudent issuer as a hedge for its exposure under the relevant Securities;

**"Hedging Date"** has the meaning given to it in the applicable Final Terms;

**"Hedging Shares"** means the number of ETI Interests that the Issuer and/or any of its Affiliates deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Securities;

**"Hypothetical Investor"** means a hypothetical or actual investor (as determined by the Calculation Agent in the context of the relevant situation) in an ETI Interest which is deemed to have the benefits and obligations, as provided in the relevant ETI Documents, of an investor holding an ETI Interest at the relevant time. The Hypothetical Investor may be deemed by the Calculation Agent to be resident or organised in any jurisdiction, and to be, without limitation, the Issuer, the Guarantor (if applicable), the Calculation Agent or any of their Affiliates (as determined by the Calculation Agent in the context of the relevant situation);

**"Implied Embedded Option Value"** means an amount (which may never be less than zero) equal to the present value as of the Implied Embedded Option Value Determination Date, of any scheduled but unpaid payments under the Securities in respect of the period from (and including) the Extraordinary ETI Event Effective Date to (and including) the Settlement Date, Maturity Date or Redemption Date, as the case may be, as determined by the Calculation Agent in its sole and absolute discretion but, notwithstanding anything to the contrary contained herein, taking into account, without limitation, such factors as the net proceeds actually received from the redemption or sale of any ETI Interests by the Hedge Provider, the volatility of the ETI Interests and any transaction costs;

**"Implied Embedded Option Value Determination Date"** means the date determined by the Calculation Agent to be the first date on which it is possible to determine the Implied Embedded Option Value following the occurrence of an Extraordinary ETI Event;

**"Initial Calculation Date"** means the date specified as such in the applicable Final Terms, or if not so specified, the Hedging Date;

**"Investment/AUM Level"** has the meaning given to it in the applicable Final Terms, or if not so specified, EUR 50,000,000 or the equivalent in any other currency;

**"Loss of Stock Borrow"** means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any ETI Interest in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate;

**"Maximum Stock Loan Rate"** means in respect of an ETI Interest, the Maximum Stock Loan Rate specified in the applicable Final Terms;

**"Merger Event"** means, in respect of any relevant Interests and Entity, any (i) reclassification or change of such ETI Interests that results in a transfer of or an irrevocable commitment to transfer all of such ETI Interests outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share/unit/interest exchange of an ETI with or into another entity or person (other than a consolidation, amalgamation, merger or binding share/unit/interest exchange in which such ETI, is the continuing entity and which does not result in a reclassification or change of all of such ETI Interests outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding ETI Interests of an ETI that results in a transfer of or an irrevocable commitment to transfer all such ETI Interests (other than such ETI Interests owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share/unit/interest exchange of an ETI or its subsidiaries with or into another entity in which the ETI is the continuing entity and which does not result in a reclassification or change of all such ETI Interests outstanding but results in the outstanding ETI Interests (other than ETI Interests owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding ETI Interests immediately following such event, in each case if the relevant Extraordinary ETI Event Effective Date is on or before (a) in the case of Cash Settled Securities, the last occurring Valuation Date or (b) in the case of Physical Delivery Securities, the Settlement Date. For the purposes of this definition only, **"Interests"** shall mean the applicable ETI Interests or the shares of any applicable ETI Related Party, as the context may require, and **"Entity"** shall mean the applicable ETI or any applicable ETI Related Party, as the context may require;

**"Non-Principal Protected Termination Amount"** means an amount per Security determined by the sum of:

- (i) the Implied Embedded Option Value on the Implied Embedded Option Value Determination Date; and
- (ii) if Delayed Redemption on Occurrence of an Extraordinary ETI Event is specified as being applicable in the applicable Final Terms, the Simple Interest;

**"Number of Value Publication Days"** means the number of calendar days or Value Business Days specified in the applicable Final Terms, being the maximum number of days after the due date for publication or reporting of the Value per ETI Interest after which the ETI Related Party or any entity fulfilling such role, howsoever described in the ETI Documents, or any other party acting on behalf of the ETI, may remedy any failure to publish or report the Value per ETI Interest before the Calculation Agent may determine that an Extraordinary ETI Event has occurred;

**"Principal Protected Termination Amount"** means an amount per Security determined as the sum of:

- (i) if Delayed Redemption on Occurrence of an Extraordinary ETI Event is specified as being applicable in the applicable Final Terms:
  - (A) the greater of:
    - (1) the Protected Amount; and
    - (2) the Implied Embedded Option Value; and
  - (B) the Simple Interest;
- (ii) if Delayed Redemption on Occurrence of an Extraordinary ETI Event is not specified as being applicable in the applicable Final Terms, the Implied Embedded Option Value;

**"Protected Amount"** means the amount specified as such in the applicable Final Terms;

**"Related Exchange"** means in relation to an ETI Interest, each exchange or quotation system specified as such for such ETI Interest in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange

or quotation system to which trading in futures or options contracts relating to such ETI Interest has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such ETI Interest on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where "All Exchanges" is specified as the Related Exchange in the applicable Final Terms, "**Related Exchange**" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such ETI Interest;

"**Scheduled Trading Day**" means either (i) in the case of a single ETI and in relation to an ETI Interest, Scheduled Trading Day (Single ETI Interest Basis) or (ii) in the case of an ETI Basket, Scheduled Trading Day (All ETI Interest Basis) or Scheduled Trading Day (Per ETI Interest Basis), in each case as specified in the applicable Final Terms, provided that, if no such specification is made in the applicable Final Terms, Exchange Business Day (Per ETI Interest Basis) shall apply;

"**Scheduled Trading Day (All ETI Interest Basis)**" means, in respect of an ETI Basket, any day on which the Exchange and Related Exchange(s) are scheduled to be open for trading in respect of all ETI Interests comprised in the ETI Basket during their respective regular trading session(s);

"**Scheduled Trading Day (Per ETI Interest Basis)**" means, in respect of an ETI Interest, any day on which the relevant Exchange and the relevant Related Exchange in respect of such ETI Interest are scheduled to be open for trading during their respective regular trading session(s);

"**Scheduled Trading Day (Single ETI Interest Basis)**" means any day on which the relevant Exchange and the relevant Related Exchange are scheduled to be open for trading during their respective regular trading session(s);

"**Settlement Cycle**" means in respect of an ETI Interest, the period of Clearance System Days following a trade in the ETI Interest on the Exchange in which settlement will customarily occur according to the rules of such Exchange;

"**Settlement Price**" means, unless otherwise stated in the applicable Final Terms and subject to the provisions of these ETI Security Conditions and as referred to in "Valuation Date" or "Averaging Date" in the Note Conditions or the W&C Security Conditions, as the case may be:

- (i) in the case of ETI Securities relating to an ETI Basket and in respect of each ETI Interest comprising the ETI Basket, an amount equal to (x) if the applicable Final Terms specify that the Settlement Price is to be the official closing price, the official closing price (or the price at the Valuation Time on the Valuation Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such ETI Interest on (a) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (b) if Averaging is specified in the applicable Final Terms, an Averaging Date (or if in the opinion of the Calculation Agent, any such official closing price (or the price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and the Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for such ETI Interest whose official closing price (or the price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be determined based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions or applicable brokers (as selected by the Calculation Agent) engaged in the trading of such ETI Interest or on such other factors as the Calculation Agent shall decide), or (y) if the applicable Final Terms specify that the Settlement Price is to be the Value per ETI Interest, the Value per ETI Interest for such ETI Interest on (a) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (b) if Averaging is specified in the applicable Final Terms, an

Averaging Date, in each case multiplied by the relevant Weighting, such value to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate, all as determined by or on behalf of the Calculation Agent; and

- (ii) in the case of ETI Securities relating to a single ETI Interest, an amount equal to (x) if the applicable Final Terms specify that the Settlement Price is to be the official closing price, the official closing price (or the price at the Valuation Time on the Valuation Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such ETI Interest on (a) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (b) if Averaging is specified in the applicable Final Terms, an Averaging Date (or if, in the opinion of the Calculation Agent, any such official closing price (or the price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and the Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the ETI Interest based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions or applicable brokers (as selected by the Calculation Agent) engaged in the trading of such ETI Interest or on such other factors as the Calculation Agent shall decide), or (y) if the applicable Final Terms specify that the Settlement Price is to be the Value per ETI Interest, the Value per ETI Interest on (a) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (b) if Averaging is specified on the applicable Final Terms, an Averaging Date, in each case, such amount to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and such converted amount to be the Settlement Price, all as determined by or on behalf of the Calculation Agent;

**"Simple Interest"** means an amount calculated by the Calculation Agent equal to the amount of interest that would accrue on the Termination Amount during the period from (and including) the Implied Embedded Option Value Determination Date to (and excluding) the later of (i) the Maturity Date or Redemption Date, as the case may be; or (ii) the date falling five Business Days after the Implied Embedded Option Value Determination Date calculated on the basis that such interest were payable by the Floating Rate Payer under an interest rate swap transaction incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. under which:

- (A) the "Effective Date" is the Implied Embedded Option Value Determination Date;
- (B) the "Termination Date" is the Termination Date;
- (C) the "Floating Rate Payer Payment Date" is the Termination Date;
- (D) the "Floating Rate Option" is EUR-EONIA-Swap Index (if the Settlement Currency is EUR) or USD-Federal Funds-H.15 (if the Settlement Currency is USD);
- (E) the "Simple Interest Spread" is as specified in the applicable Final Terms, or if not so specified minus 0.125 per cent.;
- (F) the "Floating Rate Day Count Fraction" is Actual/360;
- (G) the "Reset Date" is the Implied Embedded Option Value Determination Date and each date falling three calendar months after the previous Reset Date; and
- (H) "Compounding" is "Inapplicable";

**"Specified Maximum Days of Disruption"** means eight (8) Scheduled Trading Days, or such other number of Specified Maximum Days of Disruption specified in the applicable Final Terms;

**"Tender Offer"** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 50 per cent. and less than 100 per cent. of the outstanding voting shares, units or interests of the ETI or an ETI Related Party, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant;

**"Termination Amount"** means the amount specified in the applicable Final Terms or if not so specified, (i) in the case of Notes or Certificates, (x) the Principal Protected Termination Amount or (y) the Non-Principal Protected Termination Amount as specified in the applicable Final Terms or (ii) in the case of Warrants, an amount equal to the Implied Embedded Option Value;

**"Termination Date"** means (i) the date determined by the Issuer and specified in the notice given to Holders in accordance with ETI Security Condition 6.2(d) or (ii) in the case of Notes or Certificates, if Delayed Redemption on Occurrence of an Extraordinary ETI Event is specified as being applicable in the applicable Final Terms, the Maturity Date or Redemption Date, as the case may be;

**"Trade Date"** has the meaning given to it in the applicable Final Terms;

**"Trading Disruption"** means in relation to an ETI Interest, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or any Related Exchange or otherwise (i) relating to the ETI Interest or any underlying asset of the ETI on the Exchange; or (ii) in futures or options contracts relating to the ETI Interest or any underlying asset of the ETI on any relevant Related Exchange;

**"Valuation Time"** means in the case of an ETI and in relation to an ETI Interest either (i) the close of trading on the Exchange or (ii) as otherwise specified in the applicable Final Terms;

**"Value Business Day"** means a day (other than a Saturday or a Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the Value Business Day Centre(s) specified in the applicable Final Terms;

**"Value per ETI Interest"** means, with respect to the relevant ETI Interest(s) and the Scheduled Trading Day relating to such ETI Interests, (i) if the relevant ETI Documents refer to an official net asset value per ETI Interest (howsoever described), such official net asset value per ETI Interest, otherwise (ii) the official closing price or value per ETI Interest, as of the relevant calculation date, as reported on such Scheduled Trading Day by the ETI or an ETI Related Party, the relevant Exchange or publishing service (which may include the website of an ETI), all as determined by the Calculation Agent;

**"Value per ETI Interest Trading Price Barrier"** means the percentage specified in the applicable Final Terms, or if not so specified, 5%;

**"Value per ETI Interest Trading Price Differential"** means the percentage by which the Value per ETI Interest differs from the actual trading price of the ETI Interest as of the time the Value per ETI Interest is calculated;

**"Value per ETI Interest Trigger Event"** means, in respect of any ETI Interest(s), that (i) the Value per ETI Interest has decreased by an amount equal to, or greater than, the Value Trigger Percentage(s) at any time during the related Value Trigger Period, or (ii) the ETI has violated any leverage restriction that is applicable to, or affecting, such ETI or its assets by operation of any law, (x) any order or judgement of any court or other agency of government applicable to it or any of its assets, (y) the ETI Documents or (z) any other contractual restriction binding on or affecting the ETI or any of its assets;

**"Value Trigger Percentage"** means the percentage specified in the applicable Final Terms or, if not so specified, 50 per cent.;

**"Value Trigger Period"** means the period specified in the applicable Final Terms, or if not so specified the period from and including the Initial Calculation Date to and including the Final Calculation Date.

## **2. Market Disruption**

**"Market Disruption Event"** means, in relation to Securities relating to a single ETI Interest or an ETI Basket, in respect of an ETI Interest the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, or (iii) an Early Closure.

The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable, of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Averaging Date or a Valuation Date or on any Knock-in Determination Day or Knock-out Determination Day, as the case may be.

## **3. Potential Adjustment Events**

**"Potential Adjustment Event"** means any of the following:

- (a) an extraordinary dividend as determined by the Calculation Agent;
- (b) a repurchase or exercise of any call option by any ETI of relevant ETI Interests whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (c) any other event that may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant ETI Interests.

**"Potential Adjustment Event Effective Date"** means, in respect of a Potential Adjustment Event, the date on which such Potential Adjustment Event is announced by the relevant ETI or ETI Related Party, as the case may be, as determined by the Calculation Agent in its sole and absolute discretion.

Following the declaration by the relevant ETI or ETI Related Party, as the case may be, of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the ETI Interests and, if so, will (i) make the corresponding adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (where the Securities are Physical Delivery Securities) and/or the Exercise Price (in the case of Warrants) and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant ETI Interest) and (ii) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the ETI Interest traded on that options exchange.

Upon the making of any such adjustment, the Calculation Agent shall give notice as soon as reasonably practicable to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable, stating the adjustment to any Relevant Asset and/or the Entitlement (where the Securities are Physical Delivery Securities) and/or the Exercise Price (in the case of Warrants) and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event and the Potential Adjustment Event Effective Date.

#### **4. Extraordinary ETI Events**

Subject to the provisions of ETI Security Condition 5 (Determination of Extraordinary ETI Events), "**Extraordinary ETI Event**" means the occurrence or continuance at any time on or after the Trade Date of any of the following events as determined by the Calculation Agent:

##### **Global Events:**

- 4.1 the ETI or any ETI Related Party (i) ceases trading and/or, in the case of an ETI Related Party, ceases administration, portfolio management, investment services, custodian, prime brokerage, or any other relevant business (as applicable), (ii) is dissolved or has a resolution passed, or there is any proposal, for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (iii) makes a general assignment or arrangement with or for the benefit of its creditors; (iv) (1) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (2) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in sub-clause (iv) (1) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not immediately dismissed, discharged, stayed or restrained; (v) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (vi) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not immediately dismissed, discharged, stayed or restrained; or (vii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an effect analogous to any of the events specified in sub-clauses (i) to (vi) above; or
- 4.2 the occurrence of a Merger Event or Tender Offer;

##### **Litigation/Fraudulent Activity Events:**

- 4.3 there exists any litigation against the ETI or an ETI Related Party which in the sole and absolute discretion of the Calculation Agent could materially affect the value of the ETI Interests or on the rights or remedies of any investor therein; or
- 4.4 (i) an allegation of criminal or fraudulent activity is made in respect of the ETI, or any ETI Related Party, or any employee of any such entity, or the Calculation Agent reasonably determines that any such criminal or fraudulent activity has occurred, or (ii) any investigative, judicial, administrative or other civil or criminal proceedings is commenced or is threatened against the ETI, any ETI Related Party or any key personnel of such entities if such allegation, determination, suspicion or proceedings could, in the sole and absolute discretion of the Calculation Agent, materially affect the value of the ETI Interests or the rights or remedies of any investor in such ETI Interests;

##### **Change in ETI Related Parties/Key Persons Events:**

- 4.5 (i) an ETI Related Party ceases to act in such capacity in relation to the ETI (including by way of Merger Event or Tender Offer) and is not immediately replaced in such capacity by a successor acceptable to the Calculation Agent; and/or (ii) any event occurs which causes, or will with the passage of time (in the opinion of the



Calculation Agent) cause, the failure of the ETI and/or any ETI Related Party to meet or maintain any obligation or undertaking under the ETI Documents which failure is reasonably likely to have an adverse impact on the value of the ETI Interests or on the rights or remedies of any investor therein;

**Modification Events:**

- 4.6 a material modification of or deviation from any of the investment objectives, investment restrictions, investment process or investment guidelines of the ETI (howsoever described, including the underlying type of assets in which the ETI invests), from those set out in the ETI Documents, or any announcement regarding a potential modification or deviation, except where such modification or deviation is of a formal, minor or technical nature;
- 4.7 a material modification, cancellation or disappearance (howsoever described), or any announcement regarding a potential future material modification, cancellation or disappearance (howsoever described), of the type of assets (i) in which the ETI invests, (ii) the ETI purports to track, or (iii) the ETI accepts/provides for purposes of creation/redemption baskets;
- 4.8 a material modification, or any announcement regarding a potential future material modification, of the ETI (including but not limited to a material modification of the ETI Documents or to the ETI's liquidity terms) other than a modification or event which does not affect the ETI Interests or the or any portfolio of assets to which the ETI Interest relates (either alone or in common with other ETI Interests issued by the ETI);
- 4.9 the currency denomination of the ETI Interest is amended from that set out in the ETI Documents so that the Value per ETI Interest is no longer calculated in the same currency as it was as at the Trade Date; or
- 4.10 if applicable, the ETI ceases to be an undertaking for collective investments under the legislation of its relevant jurisdiction;

**Net Asset Value/Investment/AUM Level Events:**

- 4.11 a material modification of the method of calculating the Value per ETI Interest;
- 4.12 any change in the periodicity of the calculation or the publication of the Value per ETI Interest;
- 4.13 any of the ETI, any ETI Related Parties or any other party acting on behalf of the ETI fails for any reason to calculate and publish the Value per ETI Interest within the Number of Value Publication Days following any date scheduled for the determination of the valuation of the ETI Interests unless the cause of such failure to publish is of a technical nature and outside the immediate and direct control of the entity responsible for such publication;
- 4.14 the assets under management of, or total investment in, the ETI falls below the Investment/AUM Level;
- 4.15 a Value per ETI Interest Trigger Event occurs;
- 4.16 failure by the ETI or any ETI Related Party to publish (i) the Value per ETI Interest at the end of each Scheduled Trading Day as a result of any action or inaction by the ETI or any ETI Related Party, or (ii) where the relevant ETI Documents provide for the publication of an indicative Value per ETI Interest, such indicative Value per ETI Interest is published no less frequently than once every five (5) minutes during regular trading hours on the Exchange on each Scheduled Trading Day; or
- 4.17 (i) the Value per ETI Interest Trading Price Differential breaches the Value per ETI Interest Trading Price Barrier, and (ii) such breach has an adverse impact on any hedging activities in relation to the Securities;

**Tax/Law/Accounting/Regulatory Events:**

- 4.18 there is a change in or in the official interpretation or administration of any laws or regulations relating to taxation that has or is likely to have a material adverse effect on any hedging arrangements entered into by any Hedge

Provider in respect of the Securities (a "**Tax Event**") and, subject as provided below, the Hedge Provider has, for a period of one calendar month following the day the relevant Tax Event became known to it, used reasonable efforts to mitigate the material adverse effect of the Tax Event by seeking to transfer such hedging arrangements to an affiliated company, provided that the Hedge Provider shall not under any circumstances be obliged to take any steps which would result in sustaining a loss or expense of any kind and the period set out above for such mitigation shall be deemed satisfied on any date it is or becomes apparent at any time that there is no practicable means of mitigating the Tax Event; or

- 4.19 (i) any relevant activities of or in relation to the ETI or the ETI Related Parties are or become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any present or future law, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, in any applicable jurisdiction (including, but not limited to, any cancellation, suspension or revocation of the registration or approval of the ETI by any governmental, legal or regulatory entity with authority over the ETI), (ii) a relevant authorisation or licence is revoked, lapses or is under review by a competent authority in respect of the ETI or the ETI Related Parties or new conditions are imposed, or existing conditions varied, with respect to any such authorisation or licence, (iii) the ETI is required by a competent authority to redeem any ETI Interests, (iv) the Hedge Provider is required by a competent authority or any other relevant entity to dispose of or compulsorily redeem any ETI Interests held in connection with any hedging arrangements relating to the Securities and/or (v) any change in the legal, tax, accounting or regulatory treatment of the ETI or any ETI Related Party that is reasonably likely to have an adverse impact on the value of the ETI Interests or other activities or undertakings of the ETI or on the rights or remedies of any investor therein, including any Hedge Provider;

#### **Hedging/Impracticality/Increased Costs Events:**

- 4.20 in connection with any hedging activities in relation to the Securities, as a result of any adoption of, or any change in, any law, order, regulation, decree or notice, howsoever described, after the Trade Date, or issuance of any directive or promulgation of, or any change in the interpretation, whether formal or informal, by any court, tribunal, regulatory authority or similar administrative or judicial body of any law, order, regulation, decree or notice, howsoever described, after such date or as a result of any other relevant event (each a "**Relevant Event**") (i) it would become unlawful or impractical for the Hedge Provider to hold (including, without limitation, circumstances requiring the Hedge Provider to modify any reserve, special deposit, or similar requirement or that would adversely affect the amount of regulatory capital that would have to be maintained in respect of any holding of ETI Interests or that would subject a holder of the ETI Interests or the Hedge Provider to any loss), purchase or sell the relevant ETI Interests or any underlying assets of or related to the ETI or for the Hedge Provider to maintain its hedging arrangements and, (ii) subject as provided below, the Hedge Provider has, for a period of one calendar week following the day the Relevant Event became known to it, used reasonable efforts to mitigate the effect of the Relevant Event by seeking to transfer such hedging arrangements to an affiliated company, provided that the Hedge Provider shall not under any circumstances be obliged to take any steps which would result in sustaining a loss or expense of any kind and the period of one calendar week set out above shall be deemed satisfied on any date it is or becomes at any time apparent that there is no practicable means of mitigating the Relevant Event;
- 4.21 in connection with the hedging activities in relation to the Securities, if the cost to the Hedge Provider in relation to the Securities and the related hedging arrangements (including, but not limited to, new or increased taxes, duties, expenses or fees) would be materially increased or the Hedge Provider would be subject to a material loss relating to the Securities and the related hedging arrangements;
- 4.22 in connection with the hedging activities in relation to the Securities, the Hedge Provider is unable or it becomes impractical for the Hedge Provider, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset or any futures or option contracts on the relevant Exchange it deems necessary to hedge the equity, commodity or other underlying ETI Interest asset price risk or any other relevant price risk,

including but not limited to the Issuer's obligations under the Securities or (ii) to realise, recover or remit the proceeds of any such transaction, asset, or futures or option contract or any relevant hedge positions relating to an ETI Interest of the ETI;

- 4.23 at any time on or after the Trade Date, the Issuer and/or any of its Affiliates would incur an increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, capital and/or funding costs, expense or fee (other than brokerage commissions) to maintain the Securities;

#### **Miscellaneous Events:**

- 4.24 in the case of Securities linked to an ETI Basket, a Basket Trigger Event occurs;
- 4.25 the long-term unsecured, unsubordinated and unguaranteed debt rating assigned to any ETI Related Party or any parent company (howsoever described) of the ETI, by Moody's Investors Service Inc., or any successor to the ratings business thereof ("**Moody's**"), and/or Standard and Poor's Rating Group (a division of McGraw-Hill, Inc.), or any successor to the ratings business thereof ("**S&P**"), is downgraded below A (S&P) or A2 (Moody's) and/or the short-term unsecured, unsubordinated and unguaranteed debt rating assigned to any ETI Related Party by Moody's or S&P is downgraded below A-1 (S&P) or P-1 (Moody's);
- 4.26 the occurrence of a Loss of Stock Borrow;
- 4.27 the occurrence of an Additional Extraordinary ETI Event;
- 4.28 if the relevant ETI Documents provide for the payment of dividends, the occurrence of a Dividend Event;
- 4.29 the relevant Exchange announces that pursuant to the rules of such Exchange, the relevant ETI Interests cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason and are not immediately re-listed, re-traded or re-quoted on (i) where the Exchange is located in the United States, any of the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market System (or their respective successors) or otherwise (ii) a comparable exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

#### **5. Determination of Extraordinary ETI Events**

The Calculation Agent will determine if an Extraordinary ETI Event has occurred acting in good faith and in a commercially reasonable manner. Where the occurrence of an event or set of circumstances is capable of triggering more than one Extraordinary ETI Event, the Issuer may determine which Extraordinary ETI Event is to be triggered, in its sole and absolute discretion.

In considering whether the occurrence of an event or set of circumstances triggers an Extraordinary ETI Event, the Calculation Agent may have regard to the combined effect, from the Trade Date, of any event or set of circumstances, as the case may be, if such event or set of circumstances occurs more than once.

#### **6. Consequences of an Extraordinary ETI Event**

- 6.1 If the Calculation Agent determines that an Extraordinary ETI Event has occurred, the Calculation Agent shall give notice (an "**Extraordinary ETI Event Notice**") to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable, (which notice shall be irrevocable), of the occurrence of such Extraordinary ETI Event (the date on which an Extraordinary ETI Event Notice is given, an "**Extraordinary ETI Event Notification Date**") as soon as reasonably practicable following the determination of the Extraordinary ETI Event. The Extraordinary ETI Event Notice shall set out, if determined at that time, the action that it has determined to take in respect of the Extraordinary ETI Event pursuant to ETI Security Condition 6.2 below. Where the action that the Issuer has determined to take is not, for whatever reason, set out in the Extraordinary ETI Event Notice, the action that the Issuer has determined to take shall be set out in a subsequent notice given to

Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable, as soon as reasonably practicable after the Extraordinary ETI Event Notification Date.

Neither the Issuer nor the Calculation Agent shall be responsible for any loss, underperformance or opportunity cost suffered or incurred by any Holder or any other person in connection with the Securities as a result of any delay in notifying Holders of the occurrence of an Extraordinary ETI Event, howsoever arising. If the Calculation Agent gives an Extraordinary ETI Event Notice, the Issuer shall have no obligation to make any payment or delivery in respect of the Securities until the Issuer has determined the action that it has determined to take pursuant to ETI Security Condition 6.2 below.

6.2 Following the occurrence of an Extraordinary ETI Event, the Issuer, in its sole and absolute discretion, may take the action described below in (a), (b), (c) or (d).

(a) No Action

If the Issuer, in its sole and absolute discretion, determines that the action to be taken in respect of the Extraordinary ETI Event is to be "**No Action**", then the Securities shall continue and there shall be no amendment to the Terms and Conditions and/or the applicable Final Terms.

(b) Adjustment

If the Issuer, in its sole and absolute discretion, determines that the action to be taken in respect of the Extraordinary ETI Event is to be "**Adjustment**", then it may:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Securities are Physical Delivery Securities) and/or Exercise Price (in the case of Warrants) and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the relevant Extraordinary ETI Event and determine the effective date of that adjustment. The relevant adjustments may include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the ETI Interests or to the Securities and a change in the Weighting of any remaining ETI Interest(s) not affected by an Extraordinary ETI Event. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the relevant Extraordinary ETI Event made by any options exchange to options on the ETI Interests traded on that options exchange; or
- (ii) following such adjustment to the settlement terms of options on the ETI Interests traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the "**Options Exchange**"), require the Calculation Agent to make a corresponding adjustment to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Securities are Physical Delivery Securities) and/or Exercise Price (in the case of Warrants) and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the ETI Interests are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Securities are Physical Delivery Securities) and/or Exercise Price (in the case of Warrants) and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the relevant Extraordinary ETI Event, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded.

(c) Substitution

If the Issuer, in its sole and absolute discretion, determines that the action to be taken in respect of the Extraordinary ETI Event is to be "**Substitution**", the Calculation Agent shall on or after the relevant Extraordinary ETI Event Effective Date, substitute each ETI Interest (each, an "**Affected ETI Interest**") of each ETI (each, an "**Affected ETI**") which is affected by such Extraordinary ETI Event with an ETI Interest selected by it in accordance with the criteria for ETI Interest selection set out below (each, a "**Substitute ETI Interest**") and the Substitute ETI Interest will be deemed to be an "**ETI Interest**" and the relevant issuer of such Substitute ETI Interest, an "**ETI**" for the purposes of the Securities, and the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Securities are Physical Delivery Securities) and/or Exercise Price (in the case of Warrants) and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, provided that in the event that any amount payable under the Securities was to be determined by reference to the Initial Price of the Affected ETI Interest, the Initial Price of each Substitute ETI Interest will be determined by the Calculation Agent in accordance with the following formula:

$$\text{InitialPrice} = A \times (B/C)$$

where:

"A" is the Settlement Price of the relevant Substitute ETI Interest on the relevant Exchange on the Substitution Date;

"B" is the Initial Price of the relevant Affected ETI Interest; and

"C" is the Settlement Price of the relevant Affected ETI Interest on the relevant Exchange on the Substitution Date.

Such substitution and the relevant adjustment to the ETI Basket will be deemed to be effective as of the date selected by the Calculation Agent (the "**Substitution Date**") in its sole and absolute discretion and specified in the notice referred to below which may, but need not, be the relevant Extraordinary ETI Event Effective Date.

The Weighting of each Substitute ETI Interest will be equal to the Weighting of the relevant Affected ETI Interest.

In order to be selected as a Substitute ETI Interest, the relevant share/unit/interest must satisfy the following criteria, as determined by the Calculation Agent in its sole and absolute discretion:

- (i) where the relevant Extraordinary ETI Event is a Merger Event or a Tender Offer (a) in the case of ETI Securities related to a single ETI, and (b) in the case of ETI Securities related to an ETI Basket, the relevant share/unit/interest shall be an ordinary share/unit/interest of the entity or person that in the case of a Merger Event is the continuing entity in respect of the Merger Event or in the case of a Tender Offer is the entity making the Tender Offer provided that (i) the relevant share/unit/interest is not already included in the ETI Basket and (ii) it is or as of the relevant Extraordinary ETI Event Effective Date is promptly scheduled to be, (x) publicly quoted, traded or listed on an exchange or quotation system located in the same country as the relevant Exchange (or, where the relevant Exchange is within the European Union, in any member state of the European Union) and (y) not subject to any currency exchange controls, trading restrictions or other trading limitations; or
- (ii) (a) where the relevant Extraordinary ETI Event is a Merger Event or a Tender Offer and a share/unit/interest would otherwise satisfy the criteria set out in paragraph (i) above, but such share/unit/interest is (in the case of an ETI Security related to an ETI Basket), already included in the ETI Basket, or (b) where the Extraordinary ETI Event is not a Merger Event or a Tender Offer, an alternative exchange traded instrument which, in the determination of the Calculation Agent, has similar characteristics to the relevant ETI, including but not limited to, a comparable listing (which, for the avoidance of doubt, shall not be restricted to a listing on the exchange or quotation system in the same geographic region), investment objectives, investment restrictions and investment processes, underlying asset pools and whose related parties (such as, but not limited to, trustee, general partner,

sponsor, advisor, manager, operating company, custodian, prime broker and depository) are acceptable to the Calculation Agent;

(d) Termination

If the Issuer in its sole and absolute discretion, determines that the action to be taken in respect of the Extraordinary ETI Event is to be "**Termination**", on giving notice to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable (which such notice may be included in the Extraordinary ETI Event Notice in respect of the relevant Extraordinary ETI Event and will specify the Termination Date), (i) in the case of Warrants, all but not some only of the outstanding ETI Securities shall be cancelled by payment of the Termination Amount on the Termination Date or (ii) in the case of Notes or Certificates, all but not some only of the outstanding ETI Securities shall be redeemed by payment of the Termination Amount on the Termination Date. Payments will be made in such manner as shall be notified to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable.

(e) General

In determining to take a particular action as a result of an Extraordinary ETI Event, the Issuer is under no duty to consider the interests of Holders or any other person. In making any determination as to which action to take following the occurrence of an Extraordinary ETI Event, neither the Issuer nor the Calculation Agent shall be responsible for any loss (including any liability in respect of interest), underperformance or opportunity cost suffered or incurred by Holders or any other person in connection with the Securities as a result thereof, howsoever arising including as a result of any delay in making any payment or delivery in respect of the Securities.

**7. Correction of ETI Interest Price**

With the exception of any corrections published after the day which is three Exchange Business Days prior to the due date for any payment or delivery under the Securities, if the price of the relevant ETI Interest published on a given day and used or to be used by the Calculation Agent to make any determination under the Securities is subsequently corrected and the correction is published by the relevant price source within the number of days equal to the ETI Interest Correction Period of the original publication, the price to be used shall be the price of the relevant ETI Interest as so corrected. Corrections published after the day which is three Exchange Business Days prior to a due date for payment or delivery under the Securities will be disregarded by the Calculation Agent for the purposes of determining the relevant amount.

**8. Calculations and Determinations**

The Calculation Agent and/or the Issuer, as applicable, will make the calculations and determinations as described in the ETI Security Conditions in such a manner as the Calculation Agent and/or the Issuer, as the case may be, determines to be appropriate acting in good faith and in a commercially reasonable manner having regard in each case to the criteria stipulated in the ETI Security Conditions, the hedging arrangements in respect of the Securities and the nature of the relevant ETI and related ETI Interests.

## ANNEX 4

### ADDITIONAL TERMS AND CONDITIONS FOR DEBT SECURITIES

If specified as applicable in the applicable Final Terms, (a) the terms and conditions applicable to Notes specified in the applicable Final Terms as Debt Securities shall comprise the terms and conditions of the Notes (the "**Note Conditions**") and the additional terms and conditions for Debt Securities set out below (the "**Debt Security Conditions**"), and (b) the terms and conditions applicable to W&C Securities specified in the applicable Final Terms as Debt Securities shall comprise the terms and conditions of the W&C Securities (the "**W&C Security Conditions**") and the Debt Security Conditions, in each case together with any other additional terms and conditions specified in the applicable Final Terms and subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between (i) the Note Conditions or the W&C Security Conditions, as applicable, and (ii) the Debt Security Conditions, the Debt Security Conditions shall prevail. In the event of any inconsistency between (a)(i) the Note Conditions or the W&C Security Conditions, as applicable, and/or (ii) the Debt Security Conditions and (b) the Final Terms, the Final Terms shall prevail. References in the Debt Security Conditions to "Security" or "Securities" shall be deemed to be references to "Note" or "Notes" or "W&C Security" or "W&C Securities" as the context admits.

#### 1. Settlement Price

"**Settlement Price**" means, unless otherwise stated in the applicable Final Terms, in relation to each Cash Settled Security, or in the case of Warrants, if Units are specified in the applicable Final Terms, each Unit, as the case may be, subject as referred to in "Averaging Date" or "Valuation Date":

- (a) in the case of Debt Securities relating to a basket of Debt Instruments, an amount equal to the sum of the values calculated for each Debt Instrument as (x) the bid price for such Debt Instrument as determined by or on behalf of the Calculation Agent by reference to the bid price for such Debt Instrument appearing on the Relevant Screen Page at the Valuation Time on (a) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (b) if Averaging is specified in the applicable Final Terms, an Averaging Date, or if such price is not available, the arithmetic mean of the bid prices for such Debt Instrument at the Valuation Time on such Averaging Date or the Valuation Date, as the case may be, as received by it from two or more market-makers (as selected by the Calculation Agent) in such Debt Instrument, such bid prices to be expressed as a percentage of the nominal amount of such Debt Instrument (y) multiplied by the product of the nominal amount of such Debt Instrument and the relevant Weighting; and
- (b) in the case of Debt Securities relating to a single Debt Instrument, an amount equal to (x) the bid price for the Debt Instrument as determined by or on behalf of the Calculation Agent by reference to the bid price for such Debt Instrument appearing on the Relevant Screen Page at the Valuation Time on (a) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (b) if Averaging is specified in the applicable Final Terms, an Averaging Date, or if such price is not available, the arithmetic mean of the bid prices for such Debt Instrument at the Valuation Time on such Averaging Date or the Valuation Date, as the case may be, as received by it from two or more market-makers (as selected by the Calculation Agent) in such Debt Instrument, such bid prices to be expressed as a percentage of the nominal amount of the Debt Instrument (y) multiplied by the nominal amount of such Debt Instrument.

#### 2. Exchange Business Day

"**Exchange Business Day**" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the Exchange Business Day Centre(s) specified in the applicable Final Terms.

### 3. Market Disruption

"**Market Disruption Event**" shall mean, in respect of a Debt Instrument, the suspension of or limitation imposed on trading either on any exchange on which such Debt Instrument is traded or on any exchange on which options contracts or futures contracts with respect to such Debt Instrument are traded if, in the determination of the Calculation Agent, such suspension or limitation is material.

The Issuer shall give notice as soon as practicable to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable, that a Market Disruption Event has occurred.

### 4. Correction of Debt Instrument Price

With the exception of any corrections published after the day which is three Business Days prior to the due date for any payment under the Securities, if the price of the relevant Debt Instrument published on a given day and used or to be used by the Calculation Agent to make any determination under the Securities, is subsequently corrected and the correction published by the relevant exchange within the number of days equal to the Debt Instrument Correction Period of the original publication, the price to be used shall be the price of the relevant Debt Instrument as so corrected. Corrections published after the day which is three Exchange Business Days prior to a due date for payment under the Securities will be disregarded by the Calculation Agent for the purposes of determining the relevant amount to be paid.

### 5. Redemption or Cancellation of a Debt Instrument

Notwithstanding Note Condition 9 and W&C Security Condition 15, as applicable, if on or prior to the last Averaging Date or the last Valuation Date, any Debt Instrument is redeemed (including any early redemption) or cancelled by the relevant Debt Instrument Issuer (a "**Debt Instrument Redemption Event**"), then:

- (a) in the case of Warrants, the Issuer may cancel the Warrants by giving notice to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable. If the Warrants are so cancelled, the Issuer will pay an amount to each Holder in respect of each Warrant, or if Units are specified in the applicable Final Terms, each Unit being cancelled equal to the fair market value of a Warrant or a Unit, as the case may be, taking into account the Debt Instrument Redemption Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable; or
- (b) in the case of Notes or Certificates:
  - (i) unless Delayed Redemption on Occurrence of Debt Instrument Redemption Event is specified as being applicable in the applicable Final Terms, the Issuer may redeem the Securities by giving notice to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable. If the Securities are so redeemed the Issuer will pay an amount to each Holder in respect of each Security being redeemed at an amount equal to the fair market value of such Security taking into account the Debt Instrument Redemption Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable; or
  - (ii) if Delayed Redemption on Occurrence of Debt Instrument Redemption Event is specified as being applicable in the applicable Final Terms, the Calculation Agent shall calculate the fair market value of each Security taking into account the Debt Instrument Redemption Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Index Adjustment Amount**") as soon as practicable following the occurrence of the Debt Instrument



Redemption Event (the "**Calculated Index Adjustment Amount Determination Date**") and on the Redemption Date (in the case of Certificates) or the Maturity Date (in the case of Notes) shall redeem each Security at an amount calculated by the Calculation Agent equal to (x) the Calculated Index Adjustment Amount plus interest accrued from and including the Calculated Index Adjustment Amount Determination Date to but excluding the Redemption Date (in the case of Certificates) or the Maturity Date (in the case of Notes), as applicable, at a rate equal to Issuer's funding cost at such time or (y) if Principal Protected Termination Amount is specified as being applicable in the applicable Final Terms and if greater, the Notional Amount (in the case of a Certificate) or at its nominal amount (in the case of a Note).

The Calculation Agent shall, as soon as practicable, notify the relevant Security Agent of any determination made by it pursuant to this Debt Security Condition 5 and the action proposed to be taken in relation thereto and such Security Agent shall make available for inspection by Holders copies of any such determinations.

## **6. Futures Price Valuation**

If "Futures Price Valuation" is specified as applicable in the applicable Final Terms the following provisions shall apply to these Debt Security Conditions:

**"Settlement Price"** means an amount equal to the Daily Settlement Price of the relevant Current Exchange-traded Contract as determined by the Calculation Agent on (i) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (ii) if Averaging is specified in the applicable Final Terms, an Averaging Date.

For the purposes of determining whether a day is a Scheduled Trading Day where Futures Price Valuation applies, "Scheduled Trading Day" will be deemed to mean a day on which the Daily Settlement Price of the relevant Current Exchange-traded Contract is scheduled to be published by the relevant Futures or Options Exchange.

If "Futures Price Valuation" applies, the Disrupted Day provisions in the Note Conditions, the W&C Security Conditions and/or these Debt Security Conditions will not apply in relation to any Current Exchange-traded Contract.

For these purposes:

**"Current Exchange-traded Contract"** means (a) if the Securities are not Rolling Futures Contract Securities, the Exchange-traded Contract and (b) if the Securities are Rolling Futures Contract Securities, the futures contract determined pursuant to Debt Security Condition 7 (Rolling Futures Contract Securities) below.

**"Daily Settlement Price"** means the daily settlement price (howsoever described under the rules of the relevant Futures or Options Exchange or its clearing house) of the relevant Exchange-traded Contract published by the relevant Futures or Options Exchange or its clearing house and as determined by the Calculation Agent.

**"Exchange-traded Contract"** means the futures or options contract(s) specified as such in the applicable Final Terms, in each case, identified by reference to (a) the Synthetic Debt Instrument to which it relates, (b) the Futures or Options Exchange on which each such contract is traded and (c)(i) if the Securities are not Rolling Futures Contract Securities, the delivery or expiry month of such contract or (ii) if the Securities are Rolling Futures Contract Securities, the specified period of each such contract and the Futures Rollover Date.

**"Futures or Options Exchange"** means the relevant exchange specified in the description of the Exchange-traded Contract in the applicable Final Terms or any successor to such exchange.

**"Futures Rollover Date"** means either:

- (a) the date specified as such in the applicable Final Terms; or

- (b) the date selected by the Calculation Agent in its sole and absolute discretion within the period ("**Futures Rollover Period**") specified in the applicable Final Terms.

"**Non-Commencement or Discontinuance of an Exchange-traded Contract**" means there is no Daily Settlement Price as a result of the fact that trading in the Exchange-traded Contract never commences or is permanently discontinued at any time on or prior to the Valuation Date, Averaging Date or other date for valuation or observation or other relevant date, as the case may be, of the relevant Current Exchange-traded Contract.

Debt Security Condition 3 (Market Disruption), Debt Security Condition 4 (Correction of Debt Instrument Price) and Debt Security Condition 5 (Redemption or Cancellation of a Debt Instrument) will not apply if Futures Price Valuation applies.

If Futures Price Valuation applies, references in the Note Conditions or W&C Security Conditions, as applicable, and OET Certificate Conditions to a "Debt Instrument" or "Debt Instruments" are deemed to be references to a Current Exchange-traded Contract or "Current Exchange-traded Contracts", as applicable.

## **7. Rolling Futures Contract Securities**

If the applicable Final Terms specify that the Securities are "Rolling Futures Contract Securities", the Securities will be valued by reference to futures contracts relating to the Synthetic Debt Instrument that have delivery or expiry months that do not correspond with the term of the Securities. In such case, on or prior to the Issue Date, the Calculation Agent will select an Exchange-traded Contract and for each following day until the Futures Rollover Date such futures contract will be the Current Exchange-traded Contract. On each Futures Rollover Date the Calculation Agent will select another Exchange-traded Contract and such contract shall be the Current Exchange-traded Contract until the next occurring Futures Rollover Date. Notwithstanding the provisions of Debt Security Condition 8 (Adjustments to an Exchange-traded Contract) or Debt Security Condition 9 (Non-Commencement or Discontinuance of an Exchange-traded Contract) if on a Futures Rollover Date a Non-Commencement or Discontinuance of an Exchange-traded Contract occurs and it is impossible or materially impracticable for the Calculation Agent to select an Exchange-traded Contract and/or at such time hedge the Issuer's obligations in respect of the Securities then:

- (a) in the case of Warrants, the Issuer may cancel the Warrants by giving notice to Holders in accordance with W&C Security Condition 10. If the Warrants are so cancelled, the Issuer will pay an amount to each Holder in respect of each Warrant, or if Units are specified in the applicable Final Terms, each Unit being equal to the fair market value of a Warrant or a Unit, as the case may be, taking into account the Non-Commencement or Discontinuance of the Exchange-traded Contract, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with W&C Security Condition 10; or
- (b) in the case of Notes or Certificates:
  - (i) unless Delayed Redemption on Non-Commencement or Discontinuance of an Exchange-traded Contract is specified as being applicable in the applicable Final Terms, the Issuer may redeem the Securities by giving notice to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable. If the Securities are so redeemed the Issuer will pay an amount to each Holder in respect of each Security being redeemed equal to the fair market value of such Security taking into account the Non-Commencement or Discontinuance of the Exchange-traded Contract, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable; or

- (ii) if Delayed Redemption on Non-Commencement or Discontinuance of an Exchange-traded Contract is specified as being applicable in the applicable Final Terms, the Calculation Agent shall calculate the fair market value of each Security taking into account the Non-Commencement or Discontinuance of the Exchange-traded Contract less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Contract Adjustment Amount**") as soon as practicable following the occurrence of the Non-Commencement or Discontinuance of the Exchange-traded Contract (the "**Calculated Contract Adjustment Amount Determination Date**") and on the Redemption Date (in the case of Certificates) or the Maturity Date (in the case of Notes) shall redeem each Security at an amount calculated by the Calculation Agent equal to (x) the Calculated Contract Adjustment Amount plus interest accrued from and including the Calculated Contract Adjustment Amount Determination Date to but excluding the Redemption Date (in the case of Certificates) or the Maturity Date (in the case of Notes) at a rate equal to Issuer's funding cost at such time or (y) if Principal Protected Termination Amount is specified as being applicable in the applicable Final Terms and if greater, the Notional Amount (in the case of Certificates) or at its nominal amount (in the case of Notes).

## **8. Adjustments to an Exchange-traded Contract**

In the event that the terms of an Exchange-traded Contract are changed or modified by the Futures or Options Exchange, the Calculation Agent shall make the appropriate adjustment, if any, to any of the Conditions and/or the applicable Final Terms to account for such change or modification.

## **9. Non-Commencement or Discontinuance of an Exchange-traded Contract**

Where there is a Non-Commencement or Discontinuance of an Exchange-traded Contract, the Issuer in its sole and absolute discretion may take the action described in (a) or (b) below or require the Calculation Agent to take the action described in (c) below:

- (a) in the case of Warrants, cancel the Warrants by giving notice to Holders in accordance with W&C Security Condition 10. If the Warrants are so cancelled, the Issuer will pay an amount to each Holder in respect of each Warrant, or if Units are specified in the applicable Final Terms, each Unit being cancelled equal to the fair market value of a Warrant or a Unit, as the case may be, taking into account the Non-Commencement or Discontinuance of an Exchange-traded Contract, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with W&C Security Condition 10;
- (b) in the case of Notes or Certificates:
  - (i) unless Delayed Redemption on Non-Commencement or Discontinuance of an Exchange-traded Contract is specified as being applicable in the applicable Final Terms, the Issuer may redeem the Securities by giving notice to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable. If the Securities are so redeemed the Issuer will pay an amount to each Holder in respect of each Security being redeemed equal to the fair market value of such Security taking into account the Non-Commencement or Discontinuance of an Exchange-traded Contract, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable; or
  - (ii) if Delayed Redemption on Non-Commencement or Discontinuance of an Exchange-traded Contract is specified as being applicable in the applicable Final Terms, the Calculation Agent shall calculate the

fair market value of each Security taking into account the Non- Commencement or Discontinuance of an Exchange-traded Contract less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Contract Adjustment Amount**") as soon as practicable following the Non-Commencement or Discontinuance of an Exchange-traded Contract (the "**Calculated Contract Adjustment Amount Determination Date**") and on the Redemption Date (in the case of Certificates) or the Maturity Date (in the case of Notes) shall redeem each Security at an amount calculated by the Calculation Agent equal to (x) the Calculated Contract Adjustment Amount plus interest accrued from and including the Calculated Contract Adjustment Amount Determination Date to but excluding the Redemption Date (in the case of Certificates) or the Maturity Date (in the case of Notes), as the case may be, at a rate equal to Issuer's funding cost at such time or (y) if Principal Protected Termination Amount is specified as being applicable in the applicable Final Terms and if greater, the Notional Amount (in the case of a Certificate) or at its nominal amount (in the case of a Note); or

- (c) (i) replace the relevant Exchange-traded Contract affected by the Non-Commencement or Discontinuance of an Exchange-traded Contract (the "**Affected Exchange-traded Contract**") with a substitute Exchange-traded Contract (the "**Substitute Exchange-traded Contract**") which, in the Calculation Agent's sole and absolute discretion, has similar contract specifications to those of the Affected Exchange-traded Contract and (ii) make such adjustments to adjust such terms of the Securities as it determines in its sole and absolute discretion to be appropriate to preserve the economic position of the Holders prior to such replacement. Such replacement will be deemed to be effective as of the date selected by the Calculation Agent, in its sole and absolute discretion, and specified in the notice referred to below. The Substitute Exchange-traded Contract will be deemed to be an "**Exchange-traded Contract**" for the purposes of the Securities.

The Calculation Agent shall, as soon as practicable, notify the relevant Security Agent of any determination made by it pursuant to this Debt Security Condition 9 and the action proposed to be taken in relation thereto and such Security Agent shall make available for inspection by Holders copies of any such determinations.

## **10. Correction of the Daily Settlement Price**

With the exception of any corrections published after the day which is three Business Days prior to the due date for any payment under the Securities, if the Daily Settlement Price published on a given day and used or to be used by the Calculation Agent to make any determination under the Securities is subsequently corrected and the correction is published by the relevant Futures or Options Exchange, within the number of days equal to the Daily Settlement Price Correction Period of the original publication, the Daily Settlement Price to be used shall be the Daily Settlement Price as so corrected. Corrections published after the day which is three Business Days prior to a due date for payment under the Securities will be disregarded by the Calculation Agent for the purposes of determining the relevant amount to be paid.

## **11. Definitions**

"**Clearance System**" means the principal domestic clearance system customarily used for settling trades in the relevant securities or contracts.

"**Clearance System Days**" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of an event which results in the Clearance System being unable to clear the transfer of a relevant security would have been) open for the acceptance and execution of settlement instructions.

"**Daily Settlement Price Correction Period**" means the period specified as such in the applicable Final Terms or if none, one Settlement Cycle.

"**Debt Instrument Correction Period**" means the period specified as such in the applicable Final Terms or if none, one Settlement Cycle.

**"Debt Instrument Issuer"** means, in respect of a Debt Instrument, the issuer of such Debt Instrument. **"Disrupted Day"** means any Scheduled Trading Day on which a Market Disruption Event has occurred. **"Scheduled Trading Day"** means an Exchange Business Day.

**"Settlement Cycle"** means, in respect of a Debt Security or Exchange-traded Contract, the period of Clearance System Days following a trade in such security or contract, as the case may be, on the relevant exchange in which settlement will customarily occur according to the rules of such exchange.

## ANNEX 5

### ADDITIONAL TERMS AND CONDITIONS FOR COMMODITY SECURITIES

If specified as applicable in the applicable Final Terms, (a) the terms and conditions applicable to Notes specified in the applicable Final Terms as Commodity Securities shall comprise the terms and conditions of the Notes (the "**Notes Conditions**") and the additional terms and conditions for Commodity Securities set out below (the "**Commodity Security Conditions**") and (b) the terms and conditions applicable to W&C Securities specified in the applicable Final Terms as Commodity Securities shall comprise the terms and conditions of the W&C Securities (the "**W&C Security Conditions**") and the Commodity Security Conditions, in each case together with any other additional terms and conditions specified in the applicable Final Terms and subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between (i) the Note Conditions or the W&C Security Conditions, as applicable, and (ii) the Commodity Security Conditions, the Commodity Security Conditions shall prevail. In the event of any inconsistency between (a)(i) the Note Conditions or the W&C Security Conditions, as applicable, and/or (ii) the Commodity Security Conditions and (b) the Final Terms, the Final Terms shall prevail. References in the Commodity Security Conditions to "Security" and "Securities" shall be deemed to be references to "Note" or "Notes" or "W&C Security" or "W&C Securities" as the context admits.

#### 1. Definitions

**"Basket Component"** means any Commodity or Commodity Index comprised in a Basket of Commodities;

**"Basket of Commodities"** means a basket comprising two or more Commodities and/or Commodity Indices;

**"Commodity"** means, subject to adjustment in accordance with this Annex, the commodity (or commodities) or futures contract on a commodity (or commodities) specified in the applicable Final Terms, and related expressions shall be construed accordingly and for the avoidance of doubt, each of climatic variables, freight rates and emissions allowances may be a Commodity for the purposes of this Annex and the applicable Final Terms;

**"Commodity Business Day"** means:

- (a) in respect of a Commodity or a Commodity Index:
  - (i) where the Commodity Reference Price for the relevant Commodity or Commodity Index is announced or published by an Exchange, any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which each relevant Exchange is open for trading during its regular trading sessions and notwithstanding any such Exchange closing prior to its scheduled closing time; or
  - (ii) a day in respect of which the relevant Price Source published (or, but for the occurrence of a Market Disruption Event, would have published) a price for the relevant Commodity or Commodity Index; or
- (b) in the case of a Basket of Commodities, a day on which the Commodity Reference Price in respect of all of the Basket Components is scheduled to be published or announced in accordance with (i) and (ii) above;

**"Commodity Disrupted Day"** means any day on which a Market Disruption Event has occurred;

**"Commodity Fallback Value"** means:

- (i) in respect of any Commodity, the arithmetic mean of the quotations provided to the Calculation Agent by each of the Reference Dealers as its Commodity Reference Price for the relevant Pricing Date of the relevant Commodity, provided that if only three such quotations are so provided, the Commodity Fallback Value shall be the Commodity Reference Price remaining after disregarding the Commodity Reference Prices having the highest and lowest values (or if more than one such highest or lowest, one only of them). If fewer than three such

quotations are so provided, it will be deemed that such value cannot be determined and the relevant value shall be the good faith estimate of the Calculation Agent; or

- (ii) in respect of any Commodity Index or Basket of Commodities, the price for such Commodity Index or Basket of Commodities, as the case may be, in respect of the relevant Pricing Date determined by the Calculation Agent using the current applicable method of calculating such Commodity Index or the method for determining the value of the Basket of Commodities, as the case may be, as set out in the applicable Final Terms using the price or level for each Index Component or Basket Component, as the case may be, determined as follows:
  - (a) in respect of each Index Component or Basket Component, as the case may be, which is not affected by the Market Disruption Event, the closing price or level or settlement price, as applicable, of such Index Component or Basket Component, as the case may be, on such Pricing Date; and
  - (b) in respect of each Index Component or Basket Component, as the case may be, which is affected by the Market Disruption Event (each an "**Affected Item**"), the closing price or level or settlement price, as applicable, for such Affected Item on the first succeeding Pricing Date that is not a Commodity Disrupted Day, unless each of the number of consecutive Pricing Dates equal to the Specified Maximum Days of Disruption immediately following the Scheduled Pricing Date is a Commodity Disrupted Day. In that case, (i) the last such consecutive Pricing Date shall be deemed to be the Pricing Date for the Affected Item, notwithstanding the fact that such day is a Commodity Disrupted Day, and (ii) the Calculation Agent shall determine the price or level of such Affected Item in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the price of the Affected Item based upon the price at which the Issuer is able to sell or otherwise realise any hedge positions in respect of the Securities during the period of five Commodity Business Days following the last such consecutive Pricing Date;

"**Commodity Index**" means each index specified as such in the applicable Final Terms or an index comprising one or more commodities, contracts for the future delivery of a commodity, indices linked to a single commodity or indices comprised of multiple commodities (each an "**Index Component**");

"**Commodity Reference Price**" means, in respect of any Commodity or any Commodity Index, the Commodity Reference Price specified in the applicable Final Terms;

"**Delivery Date**" means, in respect of a Commodity Reference Price, the relevant date or month for delivery of the underlying Commodity (which must be a date or month reported or capable of being determined from information reported in or by the relevant Price Source) as follows:

- (a) if the Securities are not Rolling Futures Contract Securities:
  - (i) if a date is, or a month and year are, specified in the applicable Final Terms, that date or that month and year;
  - (ii) if a Nearby Month is specified in the applicable Final Terms, the month of expiration of the relevant Futures Contract; and
  - (iii) if a method is specified in the applicable Final Terms for the purpose of determining the Delivery Date, the date or the month and year determined pursuant to that method;

if the Securities are Rolling Futures Contract Securities, the delivery date for a futures contract selected by the Calculation Agent acting in good faith and in a commercially reasonable manner on the Futures Rollover Date or if none the Issue Date.

**"Disappearance of Commodity Reference Price"** means (a) the permanent discontinuation of trading, in the relevant Futures Contract on the relevant Exchange or (b) the disappearance of, or of trading in, the relevant Commodity or Index Component or (c) the disappearance or permanent discontinuance or unavailability of a Commodity Reference Price, notwithstanding the availability of the related Price Source or the status of trading in the relevant Futures Contract, Commodity or Index Component;

**"Disruption Fallback"** means a source or method that may give rise to an alternative basis for determining the Relevant Price in respect of a specified Commodity Reference Price when a Market Disruption Event occurs or exists on a day that is a Pricing Date (or, if different, the day on which prices for that Pricing Date would, in the ordinary course, be published or announced by the Price Source). A Disruption Fallback is applicable if it is specified in the applicable Final Terms or, if no Disruption Fallback is specified, the Calculation Agent shall determine the relevant actions in accordance with Commodity Security Condition 3 (Consequences of a Market Disruption Event and Disruption Fallbacks).

**"Exchange"** means, in respect of a Commodity, the exchange or principal trading market for such Commodity specified in the applicable Final Terms or in the Commodity Reference Price and in the case of a Commodity Index, the exchange or principal trading market for each Index Component comprising such Commodity Index;

**"Final Pricing Date"** or **"Final Interest Pricing Date"** means the date specified as such in the applicable Final Terms. References in these Conditions to "Final Pricing Date" shall be deemed to apply mutatis mutandis in respect of any "Final Interest Pricing Date";

**"Futures Contract"** means, in respect of a Commodity Reference Price, the contract for future delivery of a contract size in respect of the relevant Delivery Date relating to the Commodity referred to in that Commodity Reference Price;

**"Futures Rollover Date"** means the date specified as such in the applicable Final Terms;

**"Index Component Disruption Event"** means:

- (a) the Commodity Reference Price published by the Price Source on any Pricing Date includes, or is derived from, a price for one or more Index Components published on any date between the Issue Date and such Pricing Date that is not a price published by the usual exchange or price source, but is a price determined by the Price Source; or
- (b) the Commodity Reference Price published by the Price Source on any Pricing Date includes, or is derived from, a price for one or more Index Components published by the usual exchange or price source on any date between the Issue Date and such Pricing Date that, in the opinion of the Calculation Agent, has been calculated or published subject to the occurrence of market disruption or similar, or otherwise not in accordance with the usual, then-current, method used by such exchange or price source;

**"Initial Pricing Date"** or **"Initial Interest Pricing Date"** means the date specified as such in the applicable Final Terms. References in these Conditions to "Initial Pricing Date" shall be deemed to apply mutatis mutandis in respect of any "Initial Interest Pricing Date";

**"Material Change in Content"** means the occurrence since the Trade Date of a material change in the content, composition or constitution of the relevant Commodity or Futures Contract or, in the case of a Commodity Index, Index Component;

**"Material Change in Formula"** means the occurrence since the Trade Date of a material change in the formula for or the method of calculating the relevant Commodity Reference Price or any Index Component used to calculate the Commodity Reference Price;

**"Nearby Month"**, when preceded by a numerical adjective, means, in respect of a Delivery Date and a Pricing Date, the month of expiration of the Futures Contract identified by that numerical adjective, so that, for example, (a) "First Nearby Month" means the month of expiration of the first Futures Contract to expire following that Pricing Date; (b) "Second



Nearby Month" means the month of expiration of the second Futures Contract to expire following that Pricing Date; and (c) "Sixth Nearby Month" means the month of expiration of the sixth Futures Contract to expire following that Pricing Date;

**"Price Source"** means the publication (or such other origin of reference, including an Exchange or Index Sponsor or Index Calculation Agent) containing (or reporting) the Specified Price (or prices from which the Specified Price is calculated) specified in the relevant Commodity Reference Price;

**"Price Source Disruption"** means (a) the failure of the Price Source to announce or publish the Specified Price (or the information necessary for determining the Specified Price) for the relevant Commodity Reference Price, or (b) the temporary or permanent discontinuance or unavailability of the Price Source;

**"Pricing Date"** or **"Interest Pricing Date"** means each date specified in the Final Terms as being the Initial Pricing Date, an Averaging Date, an Observation Date, an Automatic Early Redemption Valuation Date or the Final Pricing Date or if any such date is not a Commodity Business Day, the immediately succeeding Commodity Business Day, unless, in the opinion of the Calculation Agent, such day is a day on which a Market Disruption Event has occurred or is continuing, in which case where the Securities relate to:

- (a) a single Commodity, the relevant Pricing Date or Interest Pricing Date, as applicable, shall be the first succeeding Commodity Business Day that is not a Commodity Disrupted Day, unless each of the number of consecutive Commodity Business Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Pricing Date or Scheduled Interest Pricing Date, as the case may be, is a Commodity Disrupted Day. In that case, (A) the last such consecutive Commodity Business Day shall be deemed to be the Pricing Date or Interest Pricing Date, as the case may be, notwithstanding the fact that such day is a Commodity Disrupted Day, and (B) the Calculation Agent shall determine the Relevant Price by applying the Commodity Fallback Value; or
- (b) a Commodity Index or Basket of Commodities, the Calculation Agent shall determine the Relevant Price for the Commodity Index or each Basket Component, as the case may be, using the Commodity Fallback Value.

References in these Conditions to "Pricing Date" shall be deemed to apply mutatis mutandis in respect of any "Interest Pricing Date";

**"Reference Dealers"** means four leading dealers in the relevant Commodities market selected by the Calculation Agent;

**"Relevant Price"** means, for any Pricing Date, the price, expressed as a price per unit of the Commodity, the price of the Commodity Index or any Index Component, determined with respect to that day for the specified Commodity Reference Price calculated as provided in these Commodity Security Conditions and the applicable Final Terms;

**"Scheduled Pricing Date"** or **"Scheduled Interest Pricing Date"** means any original date that, but for the occurrence of an event causing a Market Disruption Event, would have been a Pricing Date. References in these Conditions to "Scheduled Pricing Date" shall be deemed to apply mutatis mutandis in respect of any "Scheduled Interest Pricing Date";

**"Settlement Price"** means, in respect of a single Commodity, the Relevant Price, or, in the case of a Basket of Commodities, the sum of the values calculated in respect of each Basket Component as the Relevant Price of such Basket Component multiplied by the relevant Weighting;

**"Specified Maximum Days of Disruption"** means five (5) Commodity Business Days or such other number of Specified Maximum Days of Disruption specified in the applicable Final Terms;

**"Specified Price"** means, in respect of a Commodity Reference Price for a Commodity Index, (A) the closing or (B) daily official level of such Commodity Index and in respect of any other Commodity Reference Price, any of the following prices (which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Price Source), as specified in the applicable Final Terms (and, if applicable, as of the time so specified): (a) the

high price; (b) the low price; (c) the average of the high price and the low price; (d) the closing price; (e) the opening price; (f) the bid price; (g) the asked price; (h) the average of the bid price and the asked price; (i) the settlement price; (j) the official settlement price; (k) the official price; (l) the morning fixing; (m) the afternoon fixing; (n) the spot price; or (o) any other price specified in the applicable Final Terms on the Pricing Date;

**"Tax Disruption"** means the imposition of, change in or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the relevant Commodity, or in the case of a Commodity Index or any Index Component (other than a tax on, or measured by reference to overall gross or net income) by any government or taxation authority after the Trade Date, if the direct effect of such imposition, change or removal is to raise or lower the Relevant Price on the day that would otherwise be a Pricing Date from what it would have been without that imposition, change or removal; and

**"Trading Disruption"** means the material suspension of, or the material limitation imposed on, trading in the relevant Futures Contract or the Commodity or, in the case of a Commodity Index, Index Component on the Exchange or in any additional futures contract, options contract, commodity index or commodity on any Exchange as specified in the applicable Final Terms. For these purposes:

- (a) a suspension of the trading in the Futures Contract, Commodity or Index Component, as the case may be, on any Commodity Business Day shall be deemed to be material only if:
  - (i) all trading in the Futures Contract, Commodity or Index Component, as the case may be, is suspended for the entire Pricing Date; or
  - (ii) all trading in the Futures Contract, Commodity or Index Component, as the case may be, is suspended subsequent to the opening of trading on the Pricing Date, trading does not recommence prior to the regularly scheduled close of trading in such Futures Contract, Commodity or Index Component, as the case may be, on such Pricing Date and such suspension is announced less than one hour preceding its commencement; and
- (b) a limitation of trading in the relevant Futures Contract, Commodity or Index Component, as the case may be, on any Commodity Business Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the relevant Futures Contract, Commodity or Index Component, as the case may be, may fluctuate and the closing or settlement price of the relevant Futures Contract, Commodity or Index Component, as the case may be, on such day is at the upper or lower limit of that range.

## **2. Market Disruption**

**"Market Disruption Event"** means, in respect of a relevant Commodity or Commodity Index and as determined by the Calculation Agent, the occurrence or existence of:

- (a) in the case of all Commodities and each Commodity Index, a Price Source Disruption, Trading Disruption, Disappearance of Commodity Reference Price; and in addition
- (b) in the case of each Commodity Index and all Commodities other than Gold, Silver, Platinum or Palladium, Material Change in Formula, Material Change in Content and/or Tax Disruption; and in addition
- (c) in the case of a Commodity Index, an Index Component Disruption Event.

The Calculation Agent shall give notice as soon as practicable to Holders, in accordance with Note Condition 16 or W&C Security Condition 10, as applicable, of the occurrence of a Market Disruption Event and the action proposed to be taken in relation thereto.

### 3. Consequences of a Market Disruption Event and Disruption Fallbacks

Upon a Market Disruption Event occurring or continuing on any Pricing Date (or, if different, the day on which prices for that Pricing Date would, in the ordinary course, be published by the Price Source), the Calculation Agent may, in its sole and absolute discretion, take the action described in (a), (b) or (c) below:

- (a) the Calculation Agent shall determine if such event has a material effect on the Securities and, if so shall calculate the relevant Interest Amount (in the case of Notes and Certificates) and/or Cash Settlement Amount and/or make any other relevant calculation using, in lieu of a published price or level for that Commodity or Commodity Index, as the case may be, the price or level for that Commodity or Commodity Index as determined by the Calculation Agent using the Commodity Fallback Value; or
- (b) the Calculation Agent may substitute the relevant Commodity, Commodity Reference Price or Index Component with a Commodity or Index Component, as the case may be, selected by it in accordance with the criteria set out below (each, a "**Substitute Commodity**", "**Substitute Commodity Reference Price**" or a "**Substitute Index Component**") for each Commodity, Commodity Reference Price or Index Component (each, an "**Affected Commodity**" "**Affected Commodity Reference Price**" or "**Affected Index Component**", as the case may be), which is affected by the Market Disruption Event and the Substitute Commodity, Substitute Commodity Reference Price or Substitute Index Component, as the case may be, will be deemed to be a "**Commodity**", "**Commodity Reference Price**" or an "**Index Component**", as the case may be, for the purposes of the Securities, and the Calculation Agent will make such adjustment, if any, to any one or more of the Exercise Price (in the case of Warrants) and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, provided that in the event that any amount payable under the Securities was to be determined by reference to the initial price of the Commodity, Commodity Reference Price or the Index Component, as the case may be, the initial price or level of each Substitute Commodity, Substitute Commodity Reference Price or Substitute Index Component, as the case may be, will be determined by the Calculation Agent in its sole and absolute discretion.

In order to be selected as a Substitute Commodity, the Substitute Commodity shall be valued on the basis of a futures contract on similar terms to, with a delivery date corresponding with and relating to the same Commodity as the Affected Commodity.

In order to be selected as a Substitute Commodity Reference Price, the Substitute Commodity Reference Price shall be a benchmark, price or quotation selected by the Calculation Agent, acting in good faith and a commercially reasonable manner and which in its determination is or will be used by market participants as a substitute for the Affected Commodity Reference Price.

In order to be selected as a Substitute Index Component, the Substitute Index Component shall be an alternative futures contract or commodity index relating to a futures contract on similar terms to the Affected Index Component.

Such substitution and the relevant adjustment(s) will be deemed to be effective as of the date selected by the Calculation Agent (the "**Substitution Date**") in its sole and absolute discretion which may, but need not, be the relevant date of the Market Disruption Event. Such substitution will be notified to the Holders as soon as practicable after the Substitution Date in accordance with Note Condition 16 or W&C Security Condition 10, as applicable; or

- (c) the Issuer shall cancel (in the case of Warrants) or redeem (in the case of Notes or Certificates) all but not some only of the Securities, each Security being cancelled or redeemed by payment of an amount equal to the fair market value of such Security, less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payment shall be

made in such manner as shall be notified to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable.

#### 4. Adjustments to a Commodity Index

##### (a) Successor Index Sponsor Calculates and Reports a Commodity Index

If a relevant Commodity Index is (a) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (the "**Successor Index Sponsor**") acceptable to the Calculation Agent, or (b) replaced by a successor commodity index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Commodity Index, then in each case that commodity index (the "**Successor Commodity Index**") will be deemed to be the Commodity Index.

##### (b) Modification and Cessation of Calculation of a Commodity Index

If (a) on or prior to the last Averaging Date, the last Observation Date, the Final Interest Pricing Date or the Final Pricing Date, the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Commodity Index or in any other way materially modifies that Commodity Index (other than a modification prescribed in that formula or method to maintain the Commodity Index in the event of changes in constituent contracts or commodities and other routine events) (a "**Commodity Index Modification**"), or permanently cancels a relevant Commodity Index and no Successor Commodity Index exists (a "**Commodity Index Cancellation**"), or (b) on any Averaging Date, Observation Date, Interest Pricing Date or other Pricing Date, the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and announce a relevant Commodity Index (a "**Commodity Index Disruption**") and, together with a Commodity Index Modification and a Commodity Index Cancellation, each a "**Commodity Index Adjustment Event**"), then:

- (i) the Calculation Agent shall determine if such Commodity Index Adjustment Event has a material effect on the Securities and, if so, shall calculate the Relevant Price using, in lieu of a published level for that Commodity Index, the Commodity Fallback Value; or
- (ii) the Issuer may cancel (in the case of Warrants) or redeem (in the case of Notes or Certificates) the Securities by giving notice to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable. If the Securities are so cancelled or redeemed, the Issuer will pay an amount to each Holder in respect of each Security being cancelled or redeemed at an amount equal to the fair market value of a Security, taking into account the Commodity Index Adjustment Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable.

#### 5. Correction of Commodity Reference Price

With the exception of any corrections published after the day which is three Commodity Business Days prior to the due date for any payment under the Securities, if the Commodity Reference Price published on a given day and used or to be used by the Calculation Agent to make any determination under the Securities is subsequently corrected and the correction published by the relevant Exchange or any other person responsible for the publication or announcement of the Commodity Reference Price within 30 calendar days of the original publication, the price to be used shall be the price of the relevant Commodity as so corrected. Corrections published after the day which is three Commodity Business Days prior to a due date for payment under the Securities will be disregarded by the Calculation Agent for the purposes of determining the relevant amount.

## **6. Rolling Futures Contract Securities**

If the applicable Final Terms specify that the Securities are "Rolling Futures Contract Securities", the Commodity Reference Price in respect of the Securities will be valued by reference to rolling futures contracts each of which have delivery months that do not correspond with the term of the Securities. In such case, on or prior to the Issue Date, the Calculation Agent will select the relevant Futures Contract and for each following day until the Futures Rollover Date such futures contract will be the Futures Contract for the purposes of the Commodity Reference Price. On each Futures Rollover Date, the Calculation Agent will select another Futures Contract and such contract shall be the Futures Contract for the purposes of the Commodity Reference Price until the next occurring Futures Rollover Date. If on a Futures Rollover Date a Market Disruption Event or a Commodity Index Adjustment Event occurs and it is impossible or materially impracticable for the Calculation Agent to select a Futures Contract and/or at such time hedge the Issuer's obligations in respect of the Securities then the provisions of Commodity Security Condition 3 (Consequences of a Market Disruption Event and Disruption Fallbacks) and Commodity Security Condition 4 (Adjustments to a Commodity Index), as applicable, shall apply to the Securities.

## ANNEX 6

### ADDITIONAL TERMS AND CONDITIONS FOR INFLATION INDEX SECURITIES

If specified as applicable in the applicable Final Terms, (a) the terms and conditions applicable to Notes specified in the applicable Final Terms as Inflation Index Securities shall comprise the terms and conditions of the Notes (the "**Note Conditions**") and the additional terms and conditions for Inflation Index Securities set out below (the "**Inflation Index Security Conditions**"), and (b) the terms and conditions applicable to W&C Securities specified in the applicable Final Terms as Inflation Index Securities shall comprise the terms and conditions of the W&C Securities (the "**W&C Security Conditions**") and the Inflation Index Security Conditions, in each case together with any other additional terms and conditions specified in the applicable Final Terms and subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between (i) the Note Conditions or the W&C Security Conditions, as applicable, and (ii) the Inflation Index Security Conditions, the Inflation Index Security Conditions shall prevail. In the event of any inconsistency between (a)(i) the Note Conditions or the W&C Security Conditions, as applicable, and/or (ii) the Inflation Index Security Conditions and (b) the Final Terms, the Final Terms shall prevail. References in the Inflation Index Security Conditions to "Security" or "Securities" shall be deemed to be references to "Note" or "Notes" or "W&C Security" and "W&C Securities" as the context admits.

#### 1. Definitions

**"Cut-Off Date"** means, in respect of a Valuation Date, five Business Days prior to such Valuation Date;

**"Delayed Index Level Event"** means, in respect of any Valuation Date, that the Index Sponsor fails to publish or announce the Relevant Level;

**"Fallback Bond"** means a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the Inflation Index relates and which pays a Cash Settlement Amount which is calculated by reference to the Inflation Index, with a maturity date which falls on (a) the same day as the Settlement Date (in the case of Warrants), the Redemption Date (in the case of Certificates) or the Maturity Date (in the case of Notes), (b) the next longest maturity after the Settlement Date, the Redemption Date or the Maturity Date, as the case may be, if there is no such bond maturing on the Settlement Date, the Redemption Date or the Maturity Date, as the case may be, or (c) the next shortest maturity before the Settlement Date, the Redemption Date or the Maturity Date, as the case may be, if no bond defined in (a) or (b) is selected by the Calculation Agent. If the Inflation Index relates to the level of inflation across the European Monetary Union, the Calculation Agent will select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or Cash Settlement Amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Calculation Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond redeems the Calculation Agent will select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged);

**"Index Cancellation"** means a level for the Inflation Index has not been published or announced for two consecutive months and/or the Index Sponsor cancels the Inflation Index and/or the Index Sponsor announces that it will no longer continue to publish or announce the Inflation Index and no Successor Index exists;

**"Index Modification"** means, in relation to an Inflation Index, the Index Sponsor announces that it will make (in the opinion of the Calculation Agent) a material change in the formula for or the method of calculating the Inflation Index or in any other way materially modifies the Inflation Index;

**"Index Sponsor"** means the entity that publishes or announces (directly or through an agent) the level of the Inflation Index which as of the Issue Date of the Securities is the index sponsor set out in the applicable Final Terms;

**"Inflation Index"** or **"Inflation Indices"** means the index or indices specified in the relevant Final Terms and related expressions shall be construed accordingly;

**"Rebased Index"** has the meaning given to it under Inflation Index Security Condition 4 (Adjustments) below;

**"Reference Month"** means the calendar month for which the level of the Inflation Index was reported, regardless of when this information is published or announced. If the period for which the Relevant Level was reported is a period other than a month, the Reference Month shall be the period for which the Reference Level was reported;

**"Related Bond"** means the bond specified as such in the relevant Final Terms. If the Related Bond specified in the applicable Final Terms is "Fallback Bond", then for any Related Bond determination, the Calculation Agent shall use the Fallback Bond. If no bond is specified in the applicable Final Terms as the Related Bond and "Fallback Bond: Not applicable" is specified in the applicable Final Terms there will be no Related Bond. If a bond is selected as the Related Bond in the applicable Final Terms and that bond redeems or matures before the relevant Settlement Date or Redemption Date, as the case may be, unless "Fallback Bond: Not applicable" is specified in the applicable Final Terms, the Calculation Agent shall use the Fallback Bond for any Related Bond determination;

**"Related Bond Redemption Event"** means, if specified as applicable in the relevant Final Terms, at any time prior to the Settlement Date (in the case of Warrants) or Redemption Date (in the case of Certificates) or Maturity Date (in the case of Notes), (a) the Related Bond is settled, repurchased or cancelled, (b) the Related Bond becomes repayable prior to its stated date of maturity for whatever reason, or (c) the issuer of the Related Bond announces that the Related Bond will be redeemed, repurchased or cancelled prior to its stated date of maturity;

**"Relevant Level"** means, in respect of any Valuation Date, the level of the Inflation Index, in respect of any Reference Month which is to be utilised in any calculation or determination to be made by the Issuer in respect of such Settlement Date, Redemption Date or Maturity Date, as the case may be, at any time on or prior to the Cut-Off Date;

**"Settlement Price"** means, unless otherwise stated in the applicable Final Terms, in relation to each Cash Settled Security, or, in the case of Warrants, if Units are specified in the applicable Final Terms, each Unit, as the case may be, the Relevant Level;

**"Strike Date"** means the date specified as such in the applicable Final Terms;

**"Substitute Inflation Index Level"** means, in respect of a Delayed Index Level Event, the Index Level determined by the Issuer in accordance with Inflation Index Security Condition 2 (Delay in Publication) below.

**"Successor Inflation Index"** has the meaning given to it in Inflation Index Security Condition 3 (Successor Inflation Index) below; and

**"Valuation Date"** means the date (in the case of Warrants), or the Interest Valuation Date and/or the Redemption Valuation Date (in the case of Notes or Certificates) specified in the applicable Final Terms;

## **2. Delay in Publication**

If the Calculation Agent determines that a Delayed Index Level Event in respect of an Inflation Index has occurred with respect to any Valuation Date, then the Relevant Level with respect to any Reference Month which is to be utilised in any calculation or determination to be made by the Calculation Agent and/or the Issuer with respect to such Valuation Date (the **"Substitute Inflation Index Level"**) shall be determined by the Calculation Agent (subject to Inflation Index Security Condition 4.2 (Substitute Inflation Index Level) below, as follows:

- (a) if Related Bond is specified as applicable in the relevant Final Terms, the Calculation Agent shall determine the Substitute Inflation Index Level by reference to the corresponding index level determined under the terms and conditions of the Related Bond; or

- (b) if (i) Related Bond is specified as not applicable in the relevant Final Terms, or (ii) the Calculation Agent is not able to determine a Substitute Inflation Index Level under (a) above, the Calculation Agent shall determine the Substitute Inflation Index Level by reference to the following formula:

(i)  $\text{Substitute Inflation Index Level} = \text{Base Level} \times (\text{Latest Level}/\text{Reference Level})$ ; or

(ii) otherwise in accordance with any formula specified in the relevant Final Terms,

where:

**"Base Level"** means the level of the Inflation Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Inflation Index Level is being determined;

**"Latest Level"** means the level of the Inflation Index (excluding any "flash" estimates) published or announced by the Index Sponsor prior to the month in respect of which the Substitute Inflation Index Level is being determined; and

**"Reference Level"** means the level of the Inflation Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month that is 12 calendar months prior to the month in respect of the Latest Level.

The Issuer shall promptly give notice to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable of any Substitute Inflation Index Level.

If the Relevant Level is published or announced at any time on or after the relevant Cut-Off Date specified in the applicable Final Terms, such Relevant Level will not be used in any calculations. The Substitute Inflation Index Level so determined pursuant to this Inflation Index Security Condition 2 will be the definitive level for that Reference Month.

### 3. Successor Inflation Index

If the Calculation Agent determines that the level of an Inflation Index is not calculated and announced by the Index Sponsor for two consecutive months and/or the Index Sponsor announces that it will no longer continue to publish or announce the Inflation Index and/or the Index Sponsor cancels the Inflation Index, then the Calculation Agent shall determine a successor index (a **"Successor Inflation Index"**) (in lieu of any previously applicable Index) for the purposes of the Securities as follows:

- (a) if Related Bond is specified as applicable in the relevant Final Terms, the Calculation Agent shall determine a "Successor Inflation Index" by reference to the corresponding successor index determined under the terms and conditions of the Related Bond;
- (b) if (i) Related Bond is specified as not applicable in the applicable Final Terms or (ii) a Related Bond Redemption Event has occurred and Fallback Bond is specified as not applicable in the applicable Final Terms, the Index Sponsor announces that it will no longer publish or announce the Inflation Index but that it will be superseded by a replacement Inflation Index specified by the Index Sponsor, and the Calculation Agent determines that such replacement Inflation Index is calculated using the same or a substantially similar formula or method of calculation as used in the calculation of the Inflation Index, such replacement index shall be designated a "Successor Inflation Index";
- (c) if no Successor Inflation Index has been deemed under (a) or (b) the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Inflation Index should be; if between four and five responses are received, and of those four or five responses, three or more leading independent dealers state the same index, such index will be deemed the "Successor Inflation Index"; if three responses are received, and two or more leading independent dealers state the same index, such index will be deemed the "Successor Inflation



Index"; if fewer than three responses are received by the Cut-Off Date the Calculation Agent will determine an appropriate alternative index for such Affected Payment Date, and such index will be deemed a "Successor Inflation Index"; or

- (d) if the Calculation Agent determines that there is no appropriate alternative index there will be deemed to be no Successor Index and an Index Cancellation will be deemed to have occurred.

For the avoidance of doubt, the Calculation Agent shall determine the date on which the Successor Inflation Index shall be deemed to replace the Index for the purposes of the Inflation Index Securities. Notice of the determination of a Successor Inflation Index, the effective date of the Successor Inflation Index or the occurrence of an Index Cancellation will be given to holders of the Inflation Index Securities by the Issuer in accordance with Note Condition 16 or W&C Security Condition 10, as applicable.

#### **4. Adjustments**

##### **4.1 Successor Inflation Index**

If a Successor Inflation Index is determined in accordance with Inflation Index Security Condition 3 (Successor Inflation Index) above, the Calculation Agent may make any adjustment or adjustments (without limitation) to the final Cash Settlement Amount payable under the Securities (if any) and/or any other relevant term of the Securities as the Calculation Agent deems necessary. The Issuer shall give notice to the Holders of any such adjustment in accordance with Note Condition 16 or W&C Security Condition 10, as applicable.

##### **4.2 Substitute Inflation Index Level**

If the Calculation Agent determines a Substitute Inflation Index Level in accordance with Inflation Index Security Condition 2 (Delay in Publication) above, the Calculation Agent may make any adjustment or adjustments (without limitation) to (a) the Substitute Inflation Index Level determined in accordance with Inflation Index Security Condition 2 (Delay in Publication) above and/or (b) the Interest Amount (in the case of Notes or Certificates) and/or Cash Settlement Amount or Final Redemption Amount payable under the Securities (if any) and/or any other relevant term of the Securities, in each case, as the Calculation Agent deems necessary. The Issuer shall give notice to the Holders of any such adjustment in accordance with Note Condition 16 or W&C Security Condition 10, as applicable.

##### **4.3 Index Level Adjustment Correction**

- (a) The first publication or announcement of the Relevant Level (disregarding estimates) by the Index Sponsor for any Reference Month shall be final and conclusive and, subject to Inflation Index Security Condition 4.6 (Index Modification) below, later revisions to the level for such Reference Month will not be used in any calculations, save that in respect of the EUR-All Items-Revised Consumer Price Index, the ESP National-Revised Consumer Price Index (CPI) and the ESP-Harmonised-Revised Consumer Price Index HCPI, revisions to the Relevant Level which are published or announced up to and including the day that is two Business Days prior to any relevant Valuation Date will be valid and the revised Relevant Level for the relevant Reference Month will be deemed to be the final and conclusive Relevant Level for such Reference Month. The Issuer shall give notice to the Holders of any valid revision in accordance with Note Condition 16 or W&C Security Condition 10, as applicable.
- (b) If, within 30 days of publication or at any time prior to a Valuation Date in respect of which a Relevant Level will be used in any calculation or determination in respect of such Valuation Date, the Calculation Agent determines that the Index Sponsor has corrected the Relevant Level to correct a manifest error, the Calculation Agent may make any adjustment to any relevant Interest Amount (in the case of Notes or Certificates) and/or the Cash Settlement Amount or Final Redemption Amount payable under the Securities (if any) and/or any other relevant term of the Securities as the Calculation Agent deems appropriate as a result of such correction and/or determine the amount (if any) that is payable as a result of that correction. The Issuer shall give notice to the Holders of any

such adjustment and/or amount in accordance with Note Condition 16 or W&C Security Condition 10, as applicable.

- (c) If a Relevant Level is published or announced at any time after the Cut-Off Date in respect of a Valuation Date in respect of which a Substitute Inflation Index Level was determined, the Calculation Agent may either (i) determine that such Relevant Level shall not be used in any calculation or determination under the Inflation Index Securities and that the Substitute Inflation Index Level shall be deemed to be the definitive Relevant Level for the relevant Reference Month, or (ii) to make any adjustment to any relevant Interest Amount (in the case of Notes or Certificates) and/or the Cash Settlement Amount or Final Redemption Amount payable under the Securities (if any) and/or any other relevant term of the Securities as it deems appropriate as a result of the announcement or publication of the Relevant Level and/or determine the amount (if any) that is payable as a result of such publication or announcement. The Issuer shall give notice to the Holders of any determination in respect of (i) or (ii), together with any adjustment or amount in respect thereof, in accordance with Note Condition 16 or W&C Security Condition 10, as applicable.

#### 4.4 **Currency**

If the Calculation Agent determines that any event occurs affecting the Specified Currency or Settlement Currency, as applicable, (whether relating to its convertibility into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to the Cash Settlement Amount or Final Redemption Amount, the Exercise Price (in the case of Warrants) and/or any other relevant term of the Securities (including the date on which any amount is payable by the Issuer), the Calculation Agent may make such adjustment or adjustments to any relevant Cash Settlement Amount and/or the Exercise Price (in the case of Warrants) and/or any Interest Amount (in the case of Notes or Certificates) and/or any other relevant term of the Securities as the Calculation Agent deems necessary. The Issuer shall give notice to the Holders of any such adjustment in accordance with Note Condition 16 or W&C Security Condition 10, as applicable.

#### 4.5 **Rebasing**

If the Calculation Agent determines that the Inflation Index has been or will be rebased at any time, the Inflation Index as so rebased (the "**Rebased Index**") will be used for purposes of determining the Relevant Level from the date of such rebasing; provided, however, that the Calculation Agent may make (a) if Related Bond is specified as applicable in the relevant Final Terms, any adjustments as are made pursuant to the terms and conditions of the Related Bond, if any, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as before the rebasing, and/or (b) if Related Bond is specified as not applicable in the relevant Final Terms or a Related Bond Redemption Event has occurred, the Calculation Agent may make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Inflation Index before it was rebased, and in each case the Calculation Agent may make any adjustment(s) to any relevant Interest Amount (in the case of Notes or Certificates) and/or the Cash Settlement Amount or Final Redemption Amount payable under the Securities (if any) and/or any other term of the Securities as the Calculation Agent may deem necessary. If the Calculation Agent determines that neither (a) nor (b) above would produce a commercially reasonable result, the Issuer may cancel (in the case of Warrants) or redeem (in the case of Notes or Certificates) each Security on a date notified by the Issuer to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable in which event the Issuer will pay to each Holder in respect of each such Security, or, in the case of Warrants, if Units are specified in the applicable Final Terms, each Unit, as the case may be, an amount equal to the fair market value of a Security or a Unit, as the case may be, as determined by the Calculation Agent as at the date of cancellation taking into account the rebasing, less the cost to the Issuer of unwinding or amending any related underlying hedging arrangements. Notice of any adjustment, cancellation of the Securities or determination pursuant to this paragraph shall be given to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable.

#### 4.6 **Index Modification**

- (a) If on or prior to the Cut-Off Date in respect of any Valuation Date, the Calculation Agent determines that an Index Modification has occurred, the Calculation Agent may (i) if Related Bond is specified as applicable in the relevant Final Terms, make any adjustments to the relevant Inflation Index, any Relevant Level and/or any other relevant term of the Securities (including, without limitation, the Cash Settlement Amount or Final Redemption Amount payable under the Securities), consistent with any adjustments made to the Related Bond as the Calculation Agent deems necessary, or (ii) if Related Bond is specified as not applicable in the Final Terms or a Related Bond Redemption Event has occurred, make only those adjustments to the relevant Inflation Index, any Relevant Level and/or any other term of the Inflation Index Securities (including, without limitation, any relevant Interest Amount (in the case of Notes or Certificates) and/or the Cash Settlement Amount or Final Redemption Amount payable under the Securities), as the Calculation Agent deems necessary for the modified Index to continue as the relevant Inflation Index and to account for the economic effect of the Index Modification.
- (b) If the Calculation Agent determines that an Index Modification has occurred at any time after the Cut-Off Date in respect of any Valuation Date, the Calculation Agent may determine either to ignore such Index Modification for the purposes of any calculation or determination made by the Calculation Agent with respect to such Valuation Date, in which case the relevant Index Modification will be deemed to have occurred with respect to the immediately succeeding Settlement Date (in the case of Warrants) or Interest Payment Date (in the case of Notes Certificates) and/or Redemption Date (in the case of Certificates) and/or Maturity Date (in the case of Notes), as the case may be, such that the provisions of paragraph (a) above will apply, or, notwithstanding that the Index Modification has occurred following the Cut-Off Date, to make any adjustments as the Calculation Agent deems fit in accordance with paragraph (a) above.

#### **4.7 Index Cancellation**

If the Calculation Agent determines that an Index Cancellation has occurred, the Issuer may:

- (a) elect for the Calculation Agent to calculate the relevant Interest Amount (in the case of Notes and Certificates) and/or Settlement Price using, in lieu of a published level for that Inflation Index, the level for that Inflation Index, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Inflation Index last in effect prior to cancellation;
- (b) cancel (in the case of Warrants) or redeem (in the case of Notes or Certificates) all but not some only of the Securities on the date notified by the Issuer to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable, in which event the Issuer will pay to each Holder in respect of such Security, or, in the case of Warrants if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by him an amount equal to fair market value of a Security, or a Unit, as the case may be, as determined by the Calculation Agent as at the date of cancellation taking into account the Index Cancellation, less the cost to the Issuer of unwinding or amending any related underlying hedging arrangements. Notice of any cancellation of the Securities pursuant to this paragraph shall be given to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable.

## ANNEX 7

### ADDITIONAL TERMS AND CONDITIONS FOR CURRENCY SECURITIES

If specified as applicable in the applicable Final Terms, (a) the terms and conditions applicable to Notes specified in the applicable Final Terms as Currency Securities shall comprise the terms and conditions of the Notes (the "**Note Conditions**") and the additional Terms and Conditions for Currency Securities set out below (the "**Currency Security Conditions**") and (b) the terms and conditions applicable to W&C Securities specified in the applicable Final Terms as Currency Securities shall comprise the terms and conditions of the W&C Securities (the "**W&C Security Conditions**") and the Currency Security Conditions, in each case together with any other additional terms and conditions specified in the applicable Final Terms and subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between (i) the Note Conditions or the W&C Security Conditions, as applicable, and (ii) the Currency Security Conditions, the Currency Security Conditions shall prevail. In the event of any inconsistency between (a)(i) the Note Conditions or the W&C Security Conditions, as applicable, and/or (ii) the Currency Security Conditions and (b) the Final Terms, the Final Terms shall prevail. References in the Currency Security Conditions to "Security" and "Securities" shall be deemed to be references to "Note" or "Notes" or "W&C Security" or "W&C Securities" as the context admits.

#### 1. Definitions

**"Averaging Date"** means the dates specified as such in the applicable Final Terms or, if any such day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day (if Preceding Currency Convention is specified as applicable in the applicable Final Terms in respect of such date), the immediately succeeding Scheduled Trading Day or, if such Scheduled Trading Day falls in the next calendar month, the immediately preceding Scheduled Trading Day (if Modified Following Currency Convention is specified as applicable in the applicable Final Terms in respect of such date) or the immediately succeeding Scheduled Trading Day (if neither Preceding Currency Convention nor Modified Following Currency Convention is specified as applicable in the applicable Final Terms in respect of such date), in each case, unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day, in which case the provisions of Currency Security Condition 3 (Consequences of a Disruption Event) shall apply;

**"Dual Exchange Rate"** means that any of the Base Currency, Subject Currency and/or Subject Currencies, splits into dual or multiple currency exchange rates;

**"Disrupted Day"** means any Scheduled Trading Day on which the Calculation Agent determines that a Disruption Event has occurred;

**"Illiquidity Disruption"** means the occurrence of any event in respect of any of the Base Currency, Subject Currency and/or Subject Currencies whereby it becomes impossible for the Calculation Agent or Issuer to obtain a firm quote for such currency in an amount deemed necessary by the Calculation Agent or Issuer to hedge its obligations under the Securities (in one or more transaction(s)) on the relevant Averaging Date or any Settlement Price Date (or, if different, the day on which rates for such Averaging Date or Settlement Price Date would, in the ordinary course, be published or announced by the relevant price source);

**"Observation Date"** means each date specified as an Observation Date in the applicable Final Terms or, if any such day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day (if Preceding Currency Convention is specified as applicable in the applicable Final Terms in respect of such date), the immediately succeeding Scheduled Trading Day or, if such Scheduled Trading Day falls in the next calendar month, the immediately preceding Scheduled Trading Day (if Modified Following Currency Convention is specified as applicable in the applicable Final Terms in respect of such date) or the immediately succeeding Scheduled Trading Day (if neither Preceding Currency Convention nor Modified Following Currency Convention is specified as applicable in the applicable Final Terms in respect of such date), in each case, unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day, in which case the provisions of Currency Security Condition 3 (Consequences of a Disruption Event) shall apply;

**"Price Source"** means the published source, information vendor or provider containing or reporting the rate or rates from which the Settlement Price is calculated as specified in the applicable Final Terms;

**"Price Source Disruption"** means that it becomes impossible to obtain the rate or rates from which the Settlement Price is calculated;

**"Scheduled Trading Day"** means a day on which commercial banks are open (or, but for the occurrence of a Disruption Event would have been open) for business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in the principal financial centres of the Base Currency and Subject Currency or Subject Currencies;

**"Settlement Price Date"** means each Averaging Date, Strike Date, Observation Date or Valuation Date, as the case may be;

**"Specified Maximum Days of Disruption"** means the number of days specified in the applicable Final Terms, or if not so specified, five Scheduled Trading Days;

**"Strike Date"** means the Strike Date specified in the applicable Final Terms or, if such day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day (if Preceding Currency Convention is specified as applicable in the applicable Final Terms in respect of such date), the immediately succeeding Scheduled Trading Day or, if such Scheduled Trading Day falls in the next calendar month, the immediately preceding Scheduled Trading Day (if Modified Following Currency Convention is specified as applicable in the applicable Final Terms in respect of such date) or the immediately succeeding Scheduled Trading Day (if neither Preceding Currency Convention nor Modified Following Currency Convention is specified as applicable in the applicable Final Terms in respect of such date), in each case, unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day, in which case the provisions of Currency Security Condition 3 (Consequences of a Disruption Event) shall apply;

**"Valid Date"** means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

**"Valuation Date"** means the date (in the case of Warrants), or the Interest Valuation Date and/or the Redemption Valuation Date (in the case of Notes or Certificates) specified in the applicable Final Terms or, if such day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day (if Preceding Currency Convention is specified as applicable in the applicable Final Terms in respect of such date), the immediately succeeding Scheduled Trading Day or, if such Scheduled Trading Day falls in the next calendar month, the immediately preceding Scheduled Trading Day (if Modified Following Currency Convention is specified as applicable in the applicable Final Terms in respect of such date) or the immediately succeeding Scheduled Trading Day (if neither Preceding Currency Convention nor Modified Following Currency Convention is specified as applicable in the applicable Final Terms in respect of such date), in each case, unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day, in which case the provisions of Currency Security Condition 3 (Consequences of a Disruption Event) shall apply;

**"Valuation Time"** means, unless otherwise specified in the applicable Final Terms, the time at which the Price Source publishes the relevant rate or rates from which the Settlement Price is calculated; and

## **2. Disruption Events**

Unless otherwise stated in the applicable Final Terms the occurrence of any of the following events, in respect of any Base Currency, Subject Currency and/or Subject Currencies, shall be a Disruption Event:

- (a) Price Source Disruption;
- (b) Illiquidity Disruption;
- (c) Dual Exchange Rate;

- (d) any other event that, in the opinion of the Calculation Agent, is analogous to (a), (b) or (c); or
- (e) any other event specified in the applicable Final Terms.

The Calculation Agent shall give notice as soon as practicable to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable, of the occurrence of a Disrupted Day on any day that but for the occurrence of the Disrupted Day would have been an Averaging Date, Settlement Price Date, Knock-in Determination Day or Knock-out Determination Day, as the case may be.

### 3. Consequences of a Disruption Event

Upon a Disruption Event occurring or continuing on an Averaging Date or any Settlement Price Date (or, if different, the day on which prices for that date would, in the ordinary course, be published by the Price Source) as determined by the Calculation Agent, the Calculation Agent shall apply the applicable Disruption Fallback in determining the consequences of the Disruption Event.

**"Disruption Fallback"** means a source or method that may give rise to an alternative basis for determining the Settlement Price in respect of a Base Currency, Subject Currency and/or Subject Currencies when a Disruption Event occurs or exists on a day that is an Averaging Date or a Settlement Price Date (or, if different, the day on which prices for that date would, in the ordinary course, be published or announced by the Price Source). The Calculation Agent shall take the relevant actions specified in either (a), (b) (in the case of Warrants) or (c) (in the case of Notes or Certificates) below.

- (a) if an Averaging Date or any Settlement Price Date is a Disrupted Day, the Calculation Agent will determine that the relevant Averaging Date or Settlement Price Date, as the case may be, shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day (in the case of any Settlement Price Date) or Valid Date (in the case of an Averaging Date or Settlement Price Date that is not the Strike Date) unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the originally scheduled Averaging Date or Settlement Price Date, as the case may be, is a Disrupted Day in which case the Calculation Agent may determine that the last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date or Settlement Price Date, as the case may be (irrespective, in the case of an Averaging Date or Settlement Price Date, of whether that last consecutive Scheduled Trading Day is already an Averaging Date or Settlement Price Date, as the case may be) and may determine the Settlement Price by using commercially reasonable efforts to determine a level for the Base Currency, Subject Currency and/or Subject Currencies as of the Valuation Time on the last such consecutive Scheduled Trading Day taking into consideration all available information that in good faith it deems relevant; or
- (b) in the case of Warrants, if an Averaging Date or any Settlement Price Date is a Disrupted Day but is not the Valuation Date on giving notice to Holders in accordance with W&C Security Condition 10, the Issuer shall cancel all but not some only of the Warrants, each Warrant being cancelled by payment of an amount equal to the fair market value of such Warrant, less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payment shall be made in such manner as shall be notified to the Holders in accordance with W&C Security Condition 10; or
- (c) in the case of Notes or Certificates:
  - (i) if an Averaging Date or any Settlement Price Date is a Disrupted Day but is not the Redemption Valuation Date, and where Delayed Redemption on Occurrence of a Disruption Event is specified as not applicable in the applicable Final Terms, on giving notice to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable, the Issuer shall redeem all but not some only of the Securities, each Security being redeemed by payment of an amount equal to the fair market value of such Security, less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payment shall be made in such

manner as shall be notified to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable; or

- (ii) if an Averaging Date or any Settlement Price Date is a Disrupted Day but is not the Redemption Valuation Date, and if Delayed Redemption on Occurrence of a Disruption Event is specified as being applicable in the applicable Final Terms, the Calculation Agent shall calculate the fair market value of each Security less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Currency Disruption Amount**") as soon as practicable following the occurrence of the Disruption Event (the "**Calculated Currency Disruption Amount Determination Date**") and on the Redemption Date (in the case of Certificates) or the Maturity Date (in the case of Notes) shall redeem each Security at an amount calculated by the Calculation Agent equal to (x) the Calculated Currency Disruption Amount plus interest accrued from and including the Calculated Currency Disruption Amount Determination Date to but excluding the Redemption Date (in the case of Certificates) or the Maturity Date (in the case of Notes) at a rate equal to Issuer's funding cost at such time or (y) if Principal Protected Termination Amount is specified as being applicable in the applicable Final Terms and if greater, the Notional Amount (in the case of Certificates) or at its nominal amount (in the case of Notes); and/or
- (d) notwithstanding any provisions in the Conditions to the contrary, postpone any payment date related to such Averaging Date or Settlement Price Date (or, if different, the day on which prices for that date would, in the ordinary course, be provided or announced by the Price Source), as the case may be (including the Redemption Date, Maturity Date or Settlement Date, as applicable) until the Business Day following the date on which a Disruption Event is no longer subsisting and no interest or other amount shall be paid by the Issuer in respect of such postponement.

#### **4. Settlement Price**

"**Settlement Price**" means, unless otherwise stated in the applicable Final Terms, in relation to each Cash Settled Security, or, in the case of Warrants, if Units are specified in the applicable Final Terms, each Unit, as the case may be, and subject to Currency Security Condition 3 above:

- (a) in the case of Currency Securities relating to a basket of Subject Currencies and in respect of a Subject Currency, an amount equal to the sum of the values calculated for each Subject Currency at the spot rate of exchange appearing on the Relevant Screen Page at the Valuation Time on (a) if Averaging is not specified in the applicable Final Terms, the relevant Settlement Price Date or (b) if Averaging is specified in the applicable Final Terms, an Averaging Date, for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of such Subject Currency for which one unit of the Base Currency can be exchanged) or, if such rate is not available, the arithmetic mean (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Subject Currency/Base Currency exchange rates (expressed as aforesaid) at the Valuation Time on the relevant Settlement Price Date or such Averaging Date, as the case may be, of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent), multiplied by the relevant Weighting; and
- (b) in the case of Currency Securities relating to a single Subject Currency, an amount equal to the spot rate of exchange appearing on the Relevant Screen Page at the Valuation Time on (a) if Averaging is not specified in the applicable Final Terms, the relevant Settlement Price Date or (b) if Averaging is specified in the applicable Final Terms, an Averaging Date, for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Subject Currency for which one unit of the Base Currency can be exchanged) or, if such rate is not available, the arithmetic mean (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Subject Currency/Base Currency exchange rates (expressed as aforesaid) at the Valuation Time on the

relevant Settlement Price Date or such Averaging Date, as the case may be, of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent), provided that if the relevant rate of exchange is derived from two or more rates of exchange the Settlement Price shall be calculated by the Calculation Agent as provided above acting in good faith and in a commercially reasonable manner on the basis of each such rate of exchange.



## ANNEX 8

### ADDITIONAL TERMS AND CONDITIONS FOR FUND SECURITIES

If specified as applicable in the applicable Final Terms, (a) the terms and conditions applicable to Notes specified in the applicable Final Terms as Fund Securities shall comprise the terms and conditions of the Notes (the "**Note Conditions**") and the additional terms and conditions for Fund Securities set out below (the "**Fund Security Conditions**") and (b) the terms and conditions applicable to W&C Securities specified in the applicable Final Terms as Fund Securities shall comprise the terms and conditions of the W&C Securities (the "**W&C Security Conditions**") and the Fund Security Conditions, in each case together with any other additional terms and conditions specified in the applicable Final Terms and subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between (i) the Note Conditions or the W&C Security Conditions, as applicable, and (ii) the Fund Security Conditions, the Fund Security Conditions shall prevail. In the event of any inconsistency between (a)(i) the Note Conditions or the W&C Security Conditions, as applicable, and/or (ii) the Fund Security Conditions and (b) the Final Terms, the Final Terms shall prevail. References in the Fund Security Conditions to "Security" and "Securities" shall be deemed to be references to "Note" or "Notes" or "W&C Security" or "W&C Securities" as the context admits.

#### 1. Definitions

"**Additional Extraordinary Fund Event**" means any event specified as such in the applicable Final Terms;

"**AUM Level**" has the meaning given to it in the applicable Final Terms, or if not so specified, with respect to (i) a Mutual Fund, EUR 50,000,000, or (ii) a Hedge Fund, EUR 50,000,000, or the equivalent in any other currency;

"**Basket Trigger Event**" means that an Extraordinary Fund Event occurs in respect of one or more Funds comprising the Fund Basket which has or, in the event that an Extraordinary Fund Event has occurred in respect of more than one Fund, together have, a Weighting in the Fund Basket equal to or greater than the Basket Trigger Level;

"**Basket Trigger Level**" has the meaning given to it in the applicable Final Terms or if not so specified, 50 per cent.;

"**Calculation Date**" means each day(s) specified in the applicable Final Terms, or if not so specified, each day which is a Fund Business Day;

"**Delayed Payment Cut-off Date**" has the meaning given in the applicable Final Terms or, if not so specified, the date falling two calendar years after the originally designated Maturity Date, Settlement Date, Redemption Date or Termination Date, as the case may be;

"**Extraordinary Fund Event Effective Date**" means, in respect of an Extraordinary Fund Event, the date on which such Extraordinary Fund Event occurs, or has occurred, as determined by the Calculation Agent in its sole and absolute discretion;

"**Fee**" has the meaning given to it in the applicable Final Terms;

"**Final Calculation Date**" means the date specified as such in the applicable Final Terms;

"**Fund**" means each Mutual Fund, Hedge Fund or Private Equity Fund;

"**Fund Basket**" means, where the Fund Securities are linked to the performance of Fund Shares of more than one Fund, a basket comprising such Fund Shares;

"**Fund Business Day**" means either (i) with respect to single Fund, Fund Business Day (Single Fund Share Basis), or (ii) in respect of a Fund Basket, either Fund Business Day (All Fund Shares Basis) or Fund Business Day (Per Fund Share

Basis) as specified in the applicable Final Terms, provided that, if no such specification is made in the applicable Final Terms, Fund Business Day (Per Fund Share Basis) shall apply;

**"Fund Business Day (All Fund Shares Basis)"** means, with respect to a Fund Basket, a date (i) that is a Fund Valuation Date for all Fund Shares comprised in the Fund Basket, (ii) for which there has been a corresponding Fund Reporting Date in respect of each such Fund and (iii) on which the Hedge Provider has, or could have, a subscription or redemption order for each such Fund Share executed at the NAV per Fund Share published on the relevant Fund Reporting Date;

**"Fund Business Day (Per Fund Share Basis)"** means, with respect to a Fund Share, a date (i) that is a Fund Valuation Date in respect of such Fund Share, (ii) for which there has been a corresponding Fund Reporting Date and (iii) on which the Hedge Provider has, or could have, a subscription or redemption order for the Fund Shares executed at the NAV per Fund Share published on the relevant Fund Reporting Date;

**"Fund Business Day (Single Fund Share Basis)"** means with respect to a Fund Share, a date (i) that is a Fund Valuation Date, (ii) for which there has been a corresponding Fund Reporting Date and (iii) on which the Hedge Provider has, or could have, a subscription or redemption order for the Fund Shares executed at the NAV per Fund Share published on the relevant Fund Reporting Date;

**"Fund Documents"** means, unless specified otherwise in the applicable Final Terms, with respect to any Fund Share, the offering document of the relevant Fund in effect on the Hedging Date specifying, among other matters, the terms and conditions relating to such Fund Share and, for the avoidance of doubt, any other documents or agreements in respect of the Fund, as further described in any Fund Document;

**"Fund Reporting Date"** means, subject to the occurrence of an Extraordinary Fund Event, in respect of any Fund Share and a Fund Valuation Date, the date on which, in accordance with the Fund Documents, the relevant NAV per Fund Share is reported or published in respect of such Fund Valuation Date;

**"Fund Service Provider"** means, in respect of any Fund, any person who is appointed to provide services, directly or indirectly, in respect of such Fund, whether or not specified in the Fund Documents, including any advisor, manager, administrator, operator, management company, depository, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent, domiciliary agent, sponsor or general partner and any other person specified as such in the applicable Final Terms;

**"Fund Share(s)"** means an ownership interest issued to or held by an investor in a Fund or any other interest specified as such in the applicable Final Terms;

**"Fund Valuation Date"** means any date as of which, in accordance with the Fund Documents, the Fund (or the Fund Service Provider that generally determines such value) is or but for the occurrence of an Extraordinary Fund Event would have been scheduled to determine the NAV per Fund Share;

**"Hedge Fund"** means the hedge fund(s) specified as such in the applicable Final Terms;

**"Hedge Provider"** means the party (being, *inter alios*, the Issuer, the Guarantor (if applicable), the Calculation Agent, an Affiliate or any third party) from time to time who hedges the Issuer's obligations in respect of the Securities or where no such party actually hedges such obligations, a Hypothetical Investor, who shall be deemed to enter into transactions as if hedging such obligations. The Hedge Provider will hold or be deemed to hold such number of Fund Shares, or enter or be deemed to enter into any agreement to purchase or deliver, or pay an amount linked to the performance of, such number of Fund Shares as it (or in the case of a Hypothetical Investor, the Calculation Agent) considers would be held by a prudent issuer as a hedge for its exposure under the relevant Securities;

**"Hedging Date"** has the meaning given to it in the applicable Final Terms;

**"Hypothetical Investor"** means a hypothetical or actual investor (as determined by the Calculation Agent in the context of the relevant situation) in a Fund Share which is deemed to have the benefits and obligations, as provided in the relevant Fund Documents, of an investor holding a Fund Share at the relevant time. The Hypothetical Investor may be deemed by the Calculation Agent to be resident or organised in any jurisdiction, and to be, without limitation, the Issuer, the Guarantor (if applicable), the Calculation Agent or any of their affiliates (as determined by the Calculation Agent in the context of the relevant situation);

**"Implied Embedded Option Value"** means an amount (which may never be less than zero) equal to the present value as of the Implied Embedded Option Value Determination Date of any scheduled but unpaid payments under the Securities in respect of the period from (and including) the Extraordinary Fund Event Effective Date to (and including) the Settlement Date, Maturity Date or Redemption Date, as the case may be, as determined by the Calculation Agent in its sole and absolute discretion but, notwithstanding anything to the contrary contained herein, taking into account, without limitation, such factors as the net proceeds actually received from the redemption or sale of any Fund Shares by the Hedge Provider, the volatility of the Fund Shares and any transaction costs;

**"Implied Embedded Option Value Determination Date"** means the date determined by the Calculation Agent to be the earlier of (a) the date on which the Hedge Provider receives redemption proceeds in full in respect of its holding of Fund Shares (which for the avoidance of doubt, may be later than the Scheduled Settlement Date, Redemption Date or Maturity Date, as the case may be) or (b) the Delayed Payment Cut-off Date;

**"Initial Calculation Date"** means the date specified as such in the applicable Final Terms, or if not so specified, the Hedging Date;

**"Merger Event"** means, in respect of any relevant Shares and Entity (as defined below), any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share/unit/interest exchange of an Entity with or into another entity or person (other than a consolidation, amalgamation, merger or binding share/unit/interest exchange in which such Entity, is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of an Entity that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share/unit/interest exchange of an Entity or its subsidiaries with or into another entity in which the Entity is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Extraordinary Fund Event Effective Date, as determined by the Calculation Agent, is on or before the Final Calculation Date. For the purposes of this definition "Merger Event" only, "Shares" shall mean the applicable Fund Shares or the shares of any applicable Fund Service Provider, as the context may require, and "Entity" shall mean the applicable Fund or any applicable Fund Service Provider, as the context may require.

**"Mutual Fund"** means the mutual fund(s) specified as such in the applicable Final Terms;

**"NAV per Fund Share"** means, with respect to the relevant Fund Shares and the Fund Reporting Date relating to such Fund Shares, (i) the net asset value per Fund Share as of the relevant Fund Valuation Date, as reported on such Fund Reporting Date by the Fund Service Provider that generally publishes or reports such value on behalf of the Fund to its investors or a publishing service, or (ii) if the Fund Service Provider of the Fund publishes or reports only the aggregate net asset value of the Fund Shares, the net asset value per Fund Share calculated by the Calculation Agent on the basis of such aggregate net asset value of the Fund Shares divided by the number of Fund Shares issued and outstanding as of the relevant Fund Valuation Date;

**"NAV Trigger Event"** means, in respect of the Fund Shares, that (i) the NAV per Fund Share has decreased by an amount equal to, or greater than, the NAV Trigger Percentage(s) at any time during the related NAV Trigger Period, or (ii) the

Fund has violated any leverage restriction that is applicable to, or affecting, such Fund or its assets by operation of any law, any order or judgement of any court or other agency of government applicable to it or any of its assets, the Fund Documents or any other contractual restriction binding on or affecting the Fund or any of its assets;

**"NAV Trigger Percentage"** means the percentage specified in the applicable Final Terms or, if not so specified, with respect to (i) a Mutual Fund 50 per cent., or (ii) a Hedge Fund 50 per cent.;

**"NAV Trigger Period"** means the period specified in the applicable Final Terms, or if not so specified the period from and including the Initial Calculation Date to and including the Final Calculation Date;

**"Non-Principal Protected Termination Amount"** means an amount per Security determined by the sum of:

- (i) the Implied Embedded Option Value; and
- (ii) if Delayed Redemption on Occurrence of an Extraordinary Fund Event is specified as being applicable in the applicable Final Terms, the Simple Interest;

**"Number of NAV Publication Days"** means the number of calendar days specified in the applicable Final Terms or if not so specified, with respect to (i) a Mutual Fund, 5 calendar days, or (ii) a Hedge Fund, 10 calendar days;

**"Principal Protected Termination Amount"** means an amount per Security determined as the sum of:

- (i) if Delayed Redemption on Occurrence of an Extraordinary Fund Event is specified as being applicable in the applicable Final Terms:
  - (A) the greater of:
    - (1) the Protected Amount; and
    - (2) the Implied Embedded Option Value; and
  - (B) the Simple Interest.
- (ii) if Delayed Redemption on Occurrence of an Extraordinary Fund Event is not specified as being applicable in the applicable Final Terms, the Implied Embedded Option Value;

**"Protected Amount"** means the amount specified as such in the applicable Final Terms;

**"Private Equity Fund"** means the private equity fund(s) specified as such in the applicable Final Terms;

**"Simple Interest"** means an amount calculated by the Calculation Agent equal to the amount of interest that would accrue on the Implied Embedded Option Value during the period from (and including) the Implied Embedded Option Value Determination Date to (and excluding) the later of (i) the Redemption Date, Settlement Date or Maturity Date, as the case may be, or (ii) the date falling five Business Days after the Implied Embedded Option Value Determination Date calculated on the basis that such interest were payable by the Floating Rate Payer under an interest rate swap transaction incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. under which:

- (A) the "Effective Date" is the Implied Embedded Option Value Determination Date;
- (B) the "Termination Date" is the Termination Date;
- (C) the "Floating Rate Payer Payment Date" is the Termination Date;
- (D) the "Floating Rate Option" is EUR-EONIA-Swap Index (if the Settlement Currency is EUR) or USD-Federal Funds-H.15 (if the Settlement Currency is USD);

- (E) the "Simple Interest Spread" is as specified in the applicable Final Terms, or if not so specified minus 0.125 per cent.;
- (F) the "Floating Rate Day Count Fraction" is Actual/360;
- (G) the "Reset Date" is the Implied Embedded Option Value Determination Date and each date falling three calendar months after the previous Reset Date; and
- (H) "Compounding" is "Inapplicable";

"**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 50 per cent. and less than 100 per cent. of the outstanding voting shares, units or interests of the Fund or Fund Service Provider, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant;

"**Termination Amount**" means the amount specified in the applicable Final Terms or if not so specified, (i) in the case of Notes and Certificates, (x) the Principal Protected Termination Amount, or (y) the Non-Principal Protected Termination Amount, as specified in the applicable Final Terms or (ii) in the case of Warrants, an amount equal to the Implied Embedded Option Value (if any);

"**Termination Date**" means (i) the date determined by the Issuer and specified in the notice given to Holders in accordance with Fund Security Condition 4.2(d), or (ii) in the case of Notes and Certificates, if Delayed Redemption on Occurrence of an Extraordinary Fund Event is specified as being applicable in the applicable Final Terms, the Redemption Date or Maturity Date, as the case may be;

"**Trade Date**" has the meaning given to it in the applicable Final Terms.

## 2. **Extraordinary Fund Events**

Subject to the provisions of Fund Security Condition 3 (Determination of Extraordinary Fund Events), "**Extraordinary Fund Event**" means the occurrence or continuance at any time on or after the Trade Date of any of the following events as determined by the Calculation Agent:

### **Global Events:**

- 2.1 the Fund or any Fund Service Provider (i) ceases trading and/or, in the case of a Fund Service Provider, ceases administration, portfolio management, investment services, custodian, prime brokerage, or any other relevant business (as applicable) (ii) is dissolved or has a resolution passed, or there is any proposal, for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (iii) makes a general assignment or arrangement with or for the benefit of its creditors; (iv)(1) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (2) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in sub-clause (iv)(1) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not immediately dismissed, discharged, stayed or restrained; (v) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (vi) has a secured party take

possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not immediately dismissed, discharged, stayed or restrained; or (vii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an effect analogous to any of the events specified in sub-clauses (i) to (vi) above; or

2.2 the occurrence of a Merger Event or Tender Offer;

**Litigation/Fraudulent Activity Events:**

2.3 there exists any litigation against the Fund or a Fund Service Provider which in the sole and absolute discretion of the Calculation Agent could materially affect the value of the Fund Shares or the rights or remedies of any investor in such Fund Shares; or

2.4 (i) an allegation of criminal or fraudulent activity is made in respect of the Fund, or any Fund Service Provider, or any employee of any such entity, or the Calculation Agent reasonably determines that any such criminal or fraudulent activity has occurred, or (ii) any investigative, judicial, administrative or other civil or criminal proceedings is commenced or is threatened against the Fund, any Fund Service Provider or any key personnel of such entities if such allegation, determination, suspicion or proceedings could, in the sole and absolute discretion of the Calculation Agent, materially affect the value of the Fund Shares or the rights or remedies of any investor in such Fund Shares;

**Fund Service Provider/Key Person Events:**

2.5 (i) a Fund Service Provider ceases to act in such capacity in relation to the Fund and is not immediately replaced in such capacity by a successor acceptable to the Calculation Agent and/or (ii) any event occurs which causes, or will with the passage of time (in the opinion of the Calculation Agent) cause, the failure of the Fund and/or any Fund Service Provider to meet or maintain any obligation or undertaking under the Fund Documents which failure is reasonably likely to have an adverse impact on the value of the Fund Shares or on the rights or remedies of any investor in such Fund Shares; or

2.6 one or more of the key individuals involved with, or having supervision over, the Fund or a Fund Service Provider ceases to act in such capacity, and the relevant Fund Service Provider fails to appoint a replacement having similar qualifications to those of the key individual or individuals ceasing to act;

**Modification Events:**

2.7 a material modification of or deviation from any of the investment objectives, investment restrictions, investment process or investment guidelines of the Fund (howsoever described, including the underlying type of assets in which the Fund invests), from those set out in the Fund Documents, or any announcement regarding a potential modification or deviation, except where such modification or deviation is of a formal, minor or technical nature;

2.8 a material modification, cancellation or disappearance (howsoever described), or any announcement regarding a potential future material modification, cancellation or disappearance (howsoever described), of the type of assets (i) in which the Fund invests, or (ii) the Fund purports to track;

2.9 a material modification, or any announcement regarding a potential future material modification, of the Fund (including but not limited to a material modification of the Fund Documents or to the Fund's liquidity terms) other than a modification or event which does not affect the Fund Shares or the Fund or any portfolio of assets to which the Fund Share relates (either alone or in common with other Fund Shares issued by the Fund);

2.10 the creation by the Fund of any illiquid share class or unit howsoever described;

- 2.11 the currency denomination of the Fund Shares is amended from that set out in the Fund Documents so that the NAV per Fund Share is no longer calculated in the same currency as it was as at the Trade Date;
- 2.12 if applicable, the Fund ceases to be an undertaking for collective investments under the legislation of its relevant jurisdiction; or
- 2.13 following the issue or creation of a new class or series (howsoever described in the Fund Documents) of shares or units by the Fund, the Calculation Agent determines taking into consideration the potential cross-liability between classes of shares or units (howsoever described in the Fund Documents) that such new class or series has or may have an adverse effect on the hedging activities of the Hedge Provider in relation to the Securities;

**NAV per Fund Share/AUM Level Events:**

- 2.14 a material modification of the method of calculating the NAV per Fund Share;
- 2.15 any change in the periodicity of the calculation or the publication of the NAV per Fund Share;
- 2.16 any suspension of the calculation or publication of the NAV per Fund Share;
- 2.17 the occurrence of any event affecting a Fund Share that, in the sole and absolute discretion of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the NAV per Fund Share;
- 2.18 any of the Fund, any Fund Service Provider or any other party acting on behalf of the Fund fails for any reason to calculate and publish the NAV per Fund Share within the Number of NAV Publication Days following any date scheduled for the determination of the valuation of the Fund Shares unless the cause of such failure to publish is of a technical nature and outside the immediate and direct control of the entity responsible for such publication;
- 2.19 any Fund Service Provider uses asset prices provided by the investment manager (howsoever described in the Fund Documents) to calculate the NAV per Fund Share when such asset prices could have been obtained from independent sources and the asset prices from independent sources materially diverge from the asset prices provided by the investment manager (howsoever described in the Fund Documents);
- 2.20 the assets under management of the Fund falls below the AUM Level;
- 2.21 (i) the Calculation Agent determines, at any time, that the NAV per Fund Share is inaccurate, or (ii) the reported net asset value of the Fund Shares misrepresents the net asset value of the Fund Shares;
- 2.22 a NAV Trigger Event occurs; or
- 2.23 (i) in the case of a Hedge Fund only, the audited net asset value of the Fund and/or the NAV per Fund Share is different from the audited net asset value of the Fund and/or the NAV per Fund Share communicated by the relevant Fund Service Provider in respect of the same date, (ii) the auditors of the Fund qualify any audit report, or refuse to provide an unqualified audit report, in respect of the Fund, and/or (iii) the Calculation Agent, in its sole and absolute discretion, does not deem the audited net asset value of the Fund and/or the NAV per Fund Share to be representative of the actual net asset value of the Fund and/or the NAV per Fund Share;

**Reporting Events:**

- 2.24 any failure of the Fund, or its authorised representative, to deliver or publish, or cause to be delivered or published, (i) information that the Fund has agreed to deliver or publish, or agreed to cause to be delivered or published, to the Calculation Agent or Hedge Provider, or (ii) information that has been previously delivered to

the Hedge Provider or the Calculation Agent, as applicable, in accordance with the Fund's, or its authorised representative's, normal practice and that the Hedge Provider deems necessary for it or the Calculation Agent, as applicable, to monitor such Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the Fund Share; or

- 2.25 any Fund Service Provider fails to provide the Calculation Agent, within a reasonable time, with any information that the Calculation Agent has reasonably requested regarding the investment portfolio or other activities or undertakings of the Fund;

**Tax/Law/Accounting/Regulatory Events:**

- 2.26 there is a change in or in the official interpretation or administration of any laws or regulations relating to taxation that has or is likely to have a material adverse effect on any hedging arrangements entered into by any Hedge Provider in respect of the Securities (a "**Tax Event**") and, subject as provided below, the Hedge Provider has, for a period of one calendar month following the day the relevant Tax Event became known to it, used reasonable efforts to mitigate the material adverse effect of the Tax Event by seeking to transfer such hedging arrangements to an affiliated company, provided that the Hedge Provider shall not under any circumstances be obliged to take any steps which would result in sustaining a loss or expense of any kind and the period set out above for such mitigation shall be deemed satisfied on any date it is or becomes apparent at any time that there is no practicable means of mitigating the Tax Event; or
- 2.27 (i) any relevant activities of or in relation to the Fund or a Fund Service Provider are or become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any present or future law, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, in any applicable jurisdiction (including, but not limited to, any cancellation, suspension or revocation of the registration or approval of the Fund by any governmental, legal or regulatory entity with authority over the Fund), (ii) a relevant authorisation or licence is revoked, lapses or is under review by a competent authority in respect of the Fund or a Fund Service Provider or new conditions are imposed, or existing conditions varied, with respect to any such authorisation or licence, (iii) the Fund is required by a competent authority to redeem any Fund Shares, (iv) the Hedge Provider is required by a competent authority or any other relevant entity to dispose of or compulsorily redeem any Fund Shares held in connection with any hedging arrangements relating to the Securities and/or (v) any change in the legal, tax, accounting or regulatory treatment of the Fund or any Fund Service Provider that is reasonably likely to have an adverse impact on the value of the Fund Shares or other activities or undertakings of the Fund or on the rights or remedies of any investor in such Fund Shares, including any Hedge Provider;

**Hedging/Impracticality/Increased Costs Events:**

- 2.28 in connection with any hedging activities in relation to the Securities, as a result of any adoption of, or any change in, any law, order, regulation, decree or notice, howsoever described, after the Trade Date, or issuance of any directive or promulgation of, or any change in the interpretation, whether formal or informal, by any court, tribunal, regulatory authority or similar administrative or judicial body of any law, order, regulation, decree or notice, howsoever described, after such date or as a result of any other relevant event (each a "**Relevant Event**") (i) it would become unlawful or impractical for the Hedge Provider to hold (including, without limitation, circumstances requiring the Hedge Provider to modify any reserve, special deposit, or similar requirement or that would adversely affect the amount of regulatory capital that would have to be maintained in respect of any holding of Fund Shares or that would subject a holder of the Fund Shares or the Hedge Provider to any loss), purchase or sell the relevant Fund Shares or any underlying assets of or related to the Fund or for the Hedge Provider to maintain such hedging arrangements and, (ii) subject as provided below, the Hedge Provider has, for a period of one calendar week following the day the Relevant Event became known to it, used reasonable efforts to mitigate the effect of the Relevant Event by seeking to transfer such hedging arrangements to an affiliated



company, provided that the Hedge Provider shall not under any circumstances be obliged to take any steps which would result in sustaining a loss or expense of any kind and the period of one calendar week set out above shall be deemed satisfied on any date it is or becomes at any time apparent that there is no practicable means of mitigating the Relevant Event;

- 2.29 in connection with the hedging activities in relation to the Securities, if the cost to the Hedge Provider in relation to the Securities and the related hedging arrangements (including, but not limited to, new or increased taxes, duties, expenses or fees) would be materially increased or the Hedge Provider would be subject to a material loss relating to the Securities and the related hedging arrangements;
- 2.30 in connection with the hedging activities in relation to the Securities, the Hedge Provider is unable or it becomes impractical for the Hedge Provider, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary to hedge the Issuer's obligations under the Securities or (ii) to realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (A) any restrictions or increase in charges or fees imposed by the Fund on any investor's ability to redeem a Fund Share, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Fund Share, or (B) any mandatory redemption, in whole or in part, of such Fund Share; or
- 2.31 at any time on or after the Trade Date, the Issuer and/or any of its Affiliates would incur an increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, capital and/or funding costs, expense or fee (other than brokerage commissions) to maintain the Securities;

**Dealing Events:**

- 2.32 (i) the non-execution or partial-execution by the Fund for any reason of a subscription or redemption order in respect of any Fund Shares (including, for the avoidance of any doubt, any non-execution by the Fund pending completion of its fiscal audit) (ii) the Fund suspends or refuses transfers of any of its Fund Shares (including, without limitation, if the Fund applies any gating, deferral, suspension or other similar provisions permitting the Fund to delay or refuse redemption or transfer of Fund Shares), (iii) the Fund imposes in whole or in part any restriction (including, without limitation, any redemption in specie), charge or fee in respect of a redemption or subscription of its Fund Shares by the Hedge Provider or exercises its right to claw back the proceeds already paid on redeemed Fund Shares, if in any case it could in the sole and absolute determination of the Calculation Agent have an adverse impact on the Hedge Provider's rights or obligations in relation to its hedging activities in relation to the Securities, or (iv) a mandatory redemption, in whole or in part, of the Fund Shares is imposed by the Fund on any one or more holders of Fund Shares at any time for any reason;

**Miscellaneous Events:**

- 2.33 the occurrence of any Additional Extraordinary Fund Event;
- 2.34 in the case of Securities linked to a Fund Basket, a Basket Trigger Event occurs;
- 2.35 the Fund or any Fund Service Provider defaults under, materially modifies, or terminates any rebate agreements in place with the Issuer, the Hedge Provider or any of its Affiliates;
- 2.36 if the Fund is part of an umbrella structure with more than one sub-fund, a cross-contamination or other failure to segregate the portfolio of assets held by the Fund occurs between different series, classes and/or sub-funds;
- 2.37 any security granted by the Fund or any Fund Service Provider over any of its assets is enforced or becomes capable of being enforced or any arrangement which in the determination of the Calculation Agent is comparable

to security over any such assets (including without limitation any repo or prime brokerage arrangement) becomes enforceable or capable of early termination or any derivatives, repo, securities lending or other trading or dealing arrangement relating to the assets of the Fund becomes enforceable or terminable early by reason of any event of default (howsoever described) relating to the Fund or the relevant Fund Service Provider; or

- 2.38 the long-term unsecured, unsubordinated and unguaranteed debt rating assigned to any Fund Service Provider or any parent company (howsoever described) of the Fund, by Moody's Investors Service Inc., or any successor to the ratings business thereof ("**Moody's**"), and/or Standard and Poor's Rating Group (a division of McGraw-Hill, Inc.), or any successor to the ratings business thereof ("**S&P**"), is downgraded below A (S&P) or A2 (Moody's) and/or the short-term unsecured, unsubordinated and unguaranteed debt rating assigned to any Fund Service Provider by Moody's or S&P is downgraded below A-1 (S&P) or P-1 (Moody's).

References solely in this Fund Security Condition 2 (Extraordinary Fund Events) to:

- (i) "**Fund**" shall include the Fund and any funds in which it invests any of its investible assets from time to time;

"**Fund Shares**" shall include the Fund Shares and the shares or units in any Fund (as defined in paragraph (i) above).

### **3. Determination of Extraordinary Fund Events**

The Calculation Agent will determine if an Extraordinary Fund Event has occurred acting in good faith and in a commercially reasonable manner. Where the occurrence of an event or set of circumstances is capable of triggering more than one Extraordinary Fund Event, the Issuer may determine which Extraordinary Fund Event is to be triggered, in its sole and absolute discretion.

In considering whether the occurrence of an event or set of circumstances triggers an Extraordinary Fund Event, the Calculation Agent may have regard to the combined effect, from the Trade Date, of any event or set of circumstances, as the case may be, if such event or set of circumstances occurs more than once.

### **4. Consequences of an Extraordinary Fund Event**

- 4.1 If the Calculation Agent determines that an Extraordinary Fund Event has occurred, the Calculation Agent will give notice (an "**Extraordinary Fund Event Notice**") to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable (which notice shall be irrevocable), of the occurrence of such Extraordinary Fund Event (the date on which an Extraordinary Fund Event Notice is given, an "**Extraordinary Fund Event Notification Date**") as soon as reasonably practicable following the determination of an Extraordinary Fund Event. The Extraordinary Fund Event Notice shall set out, if determined at that time, the action that it has determined to take in respect of the Extraordinary Fund Event pursuant to Fund Security Condition 4.2 below. Where the action that the Issuer has determined to take is not, for whatever reason, set out in the Extraordinary Fund Event Notice, the action that the Issuer has determined to take shall be set out in a subsequent notice given to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable, as soon as reasonably practicable after the Extraordinary Fund Event Notification Date.

Neither the Issuer nor the Calculation Agent shall be responsible for any loss, underperformance or opportunity cost suffered or incurred by any Holder or any other person in connection with the Securities as a result of any delay in notifying Holders of the occurrence of an Extraordinary Fund Event, howsoever arising. If the Calculation Agent gives an Extraordinary Fund Event Notice, the Issuer shall have no obligation to make any payment or delivery in respect of the Securities until the Issuer has determined the action that it has determined to take pursuant to Fund Security Condition 4.2 below.

- 4.2 Following the occurrence of an Extraordinary Fund Event, the Issuer, in its sole and absolute discretion, may take the action described below in (a), (b), (c) or (d), provided that, if the Calculation Agent determines that an Extraordinary Fund Event has occurred or is continuing on the Delayed Payment Cut-off Date in accordance with

the provisions of Fund Security Condition 5 below, the Issuer shall determine that the action to be taken in respect of the Extraordinary Fund Event is "Termination".

(a) No Action

If the Issuer, in its sole and absolute discretion, determines that the action to be taken in respect of the Extraordinary Fund Event is to be "**No Action**", then the Fund Securities shall continue and there shall be no amendment to the Terms and Conditions and/or the applicable Final Terms.

(b) Adjustment

If the Issuer, in its sole and absolute discretion, determines that the action to be taken in respect of the Extraordinary Fund Event is to be "**Adjustment**", then the Calculation Agent may determine, in its sole and absolute discretion, the appropriate adjustment(s), if any, to be made to any one or more Fund, Fund Share and/or the Weighting and/or (in the case of Warrants) the Exercise Price and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms (including adjusting any Fee) to take account of the Extraordinary Fund Event and determine the effective date of such adjustment.

(c) Substitution

If the Issuer, in its sole and absolute discretion, determines that the action in respect of the Extraordinary Fund Event is to be "**Substitution**", the Calculation Agent shall:

- (i) determine the weighted average price at which a Hypothetical Investor can redeem the Fund Shares in the relevant Fund in such number as determined by the Calculation Agent in its sole and absolute discretion as soon as it is reasonably practicable following the Extraordinary Fund Event;
- (ii) for a period of not longer than 14 calendar days following the date on which a Hypothetical Investor would have received proceeds from a redemption order in full submitted by the Hedge Provider as soon as practicable following the occurrence of an Extraordinary Fund Event, use reasonable efforts to substitute the Fund Shares with shares, units or other similar interests in an alternative fund which, in the sole and absolute determination of the Calculation Agent, has similar characteristics to the relevant Fund, including but not limited to, comparable investment objectives, investment restrictions and investment processes and has service providers acceptable to the Calculation Agent;
- (iii) if no alternative fund can be determined pursuant to the preceding sub-paragraph (ii) above, use reasonable efforts to substitute the Fund with an index (or a fund tracking such index) selected by the Calculation Agent in its sole and absolute discretion; and
- (iv) following any substitution in accordance with sub-paragraph (ii) or (iii) above, the Issuer may, in its sole and absolute discretion, require the Calculation Agent make such determinations and/or adjustments to these Terms and Conditions and/or the Final Terms as it determines to be appropriate to take account of such Substitution.

(d) Termination

If the Issuer determines, in its sole and absolute discretion, that the action to be taken in respect of the Extraordinary Fund Event is to be "**Termination**", on giving notice to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable (which such notice may be included in the Extraordinary Fund Event Notice in respect of the relevant Extraordinary Fund Event and will specify the Termination Date), (i) in the case of Warrants, all but not some only of the outstanding Fund

Securities shall be cancelled by payment of the Termination Amount on the Termination Date, or (ii) in the case of Notes or Certificates, all but not some only of the outstanding Fund Securities shall be redeemed by payment of the Termination Amount on the Termination Date. Payments will be made in such manner as shall be notified to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable.

(e) General

In determining to take a particular action as a result of an Extraordinary Fund Event, the Issuer is under no duty to consider the interests of Holders or any other person. In making any determination as to which action to take following the occurrence of an Extraordinary Fund Event, neither the Issuer nor the Calculation Agent shall be responsible for any loss (including any liability in respect of interest), underperformance or opportunity cost suffered or incurred by Holders or any other person in connection with the Securities as a result thereof, howsoever arising including as a result of any delay in making any payment or delivery in respect of the Securities.

## 5. Interest Payment Date/Maturity Date/Settlement Date/Redemption Date Extension

In the case of Cash Settled Securities, if on the date falling two Business Days prior to the originally designated Settlement Date, Redemption Date or Maturity Date, as the case may be, the Hedge Provider has not, after having placed one or more redemption orders in respect of its holding of Fund Shares in accordance with the terms of the relevant Fund Documents, received redemption proceeds in full in respect of such Fund Shares (the "**Redemption Proceeds**"), the Calculation Agent may postpone the Settlement Date, Redemption Date or Maturity Date, as the case may be, and notify the Holders thereof in accordance with Note Condition 16 or W&C Security Condition 10, as applicable.

As soon as practicable following receipt by the Hedge Provider of the Redemption Proceeds the Calculation Agent shall give notice to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable, (such notice the "**Delayed Payment Notice**") and cancel (in the case of Warrants) or redeem (in the case of Notes or Certificates) the Securities on the date falling not more than five Business Days following the receipt of the Delayed Payment Notice (such date, the "**Postponed Settlement Date**") by payment to each Holder of the Cash Settlement Amount or the Final Redemption Amount, as the case may be, provided that, if the Hedge Provider does not receive the Redemption Proceeds within the period ending on (and including) the Delayed Payment Cut-off Date, the Calculation Agent shall determine that an Extraordinary Fund Event has occurred and is continuing on the Delayed Payment Cut-off Date and shall notify Holders thereof in accordance with the procedures set out in Fund Security Condition 4 above, and in accordance with W&C Security Condition 10 or Note Condition 16, as applicable, and the provisions of Fund Security Condition 4.2(d) shall apply.

In the case of interest bearing Securities, if on the date falling two Business Days prior to an Interest Payment Date, the Hedge Provider has not, after having placed one or more redemption orders in respect of its holding of Fund Shares in accordance with the terms of the relevant Fund Documents, received redemption proceeds in full in respect of such Fund Shares (the "**Redemption Proceeds**"), the Calculation Agent may postpone the Interest Payment Date and notify the Holders thereof in accordance with Note Condition 16 or W&C Security Condition 10, as applicable.

As soon as practicable following receipt by the Hedge Provider of the Redemption Proceeds the Calculation Agent shall give notice to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as applicable, (such notice the "**Delayed Payment Notice**") and the Issuer shall pay the Interest Amount in respect of the Interest Period on the date falling not more than five Business Days following the receipt of the Delayed Payment Notice (such date, the "**Postponed Settlement Date**") and no additional amount shall be payable in respect of such delay, provided that, if the Hedge Provider does not receive the Redemption Proceeds within the period ending on (and including) the Delayed Payment Cut-off Date, the Calculation Agent shall determine that an Extraordinary Fund Event has occurred and is continuing on the Delayed Payment Cut-off Date and shall notify Holders thereof in accordance with the procedures set out in Fund Security

Condition 4 above, and in accordance with W&C Security Condition 10 or Note Condition 16, as applicable, and the provisions of Fund Security Condition 4.2(d) shall apply.

## ANNEX 9

### ADDITIONAL TERMS AND CONDITIONS FOR FUTURES SECURITIES

If specified as applicable in the applicable Final Terms, the terms and conditions applicable to Notes specified in the applicable Final Terms as Futures Securities shall comprise the terms and conditions of the Notes (the "**Note Conditions**") and the additional terms and conditions for Futures Securities set out below (the "**Futures Security Conditions**") and the terms and conditions applicable to W&C Securities specified in the applicable Final Terms as Futures Securities shall comprise the terms and conditions of the W&C Securities (the "**W&C Security Conditions**") and the Futures Security Conditions, in each case together with any other additional terms and conditions specified in the applicable Final Terms and subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between (i) the Note Conditions or the W&C Security Conditions, as applicable and (ii) the Futures Security Conditions, the Futures Security Conditions shall prevail. In the event of any inconsistency between (a)(i) the Note Conditions or the W&C Security Conditions, as applicable and/or (ii) the Futures Security Conditions and (b) the Final Terms, the Final Terms shall prevail. References in the Future Security Conditions to "Security" and "Securities" shall be deemed to be references to "Note" or "Notes" or "W&C Security" or "W&C Securities" as the context admits.

#### 1. Definitions

**"Basket of Futures"** means a basket composed of each Future specified in the applicable Final Terms in the weightings specified in the applicable Final Terms;

**"Clearance System"** means the principal domestic clearance system customarily used for settling trades in the relevant Future(s);

**"Clearance System Days"** means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of an event which results in the Clearance System being unable to clear the transfer of a relevant security would have been) open for the acceptance and execution of settlement instructions;

**"Disrupted Day"** means any Scheduled Trading Day on which a relevant Exchange fails to open for trading during its regular trading session(s) or on which a Market Disruption Event has occurred;

**"Early Closure"** means the closure on any Exchange Business Day of the relevant Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s), at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange(s) on such Exchange Business Day and (b) the submission deadline for orders to be entered into the Exchange for execution at the Valuation Time on such Exchange Business Day;

**"Exchange"** means, in relation to a Future, each exchange or quotation system specified as such in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Future has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Future on such temporary substitute exchange or quotation system as on the original Exchange);

**"Exchange Business Day"** means either (a) in the case of a single Future, Exchange Business Day (Single Future Basis) or (b) in the case of a Basket of Futures, Exchange Business Day (All Futures Basis) or Exchange Business Day (Per Future Basis), in each case as specified in the applicable Final Terms, provided that, if no such specification is made in the applicable Final Terms, Exchange Business Day (Per Future Basis) shall apply;

**"Exchange Business Day (All Futures Basis)"** means, in respect of all Futures comprised in a Basket of Futures, any Scheduled Trading Day on which each Exchange is, in respect of such Futures, open for trading during its regular trading session(s) notwithstanding such Exchange closing prior to its Scheduled Closing Time;

**"Exchange Business Day (Per Future Basis)"** means, in respect of a Future, any Scheduled Trading Day on which the relevant Exchange in respect of such Future is open for trading during its regular trading session(s), notwithstanding such relevant Exchange closing prior to its Scheduled Closing Time;

**"Exchange Business Day (Single Future Basis)"** means any Scheduled Trading Day on which the relevant Exchange is open for trading during its respective regular trading session(s), notwithstanding such relevant Exchange closing prior to its Scheduled Closing Time;

**"Exchange Disruption"** means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for, the Futures on the Exchange;

**"Future"** or **"Futures"** means, subject to adjustments in accordance with this Annex 9, in the case of an issue of Securities relating to a single Future, the futures contract and, in the case of an issue of Securities relating to a Basket of Futures, each futures contract, specified in the applicable Final Terms, and related expressions shall be construed accordingly;

**"Futures Correction Period"** means (a) the period specified in the applicable Final Terms, or (b) if none is so specified, one Settlement Cycle;

**"Scheduled Trading Day"** means either (a) in the case of a single Future, Scheduled Trading Day (Single Future Basis) or (b) in the case of a Basket of Futures, Scheduled Trading Day (All Futures Basis) or Scheduled Trading Day (Per Future Basis), in each case as specified in the applicable Final Terms, provided that, if no such specification is made in the applicable Final Terms, Exchange Business Day (Per Future Basis) shall apply;

**"Scheduled Trading Day (All Futures Basis)"** means, in respect of all Futures comprising the Basket of Futures, any day on which each Exchange is, in respect of such Futures, scheduled to be open for trading during its regular trading session(s);

**"Scheduled Trading Day (Per Future Basis)"** means, in respect of a Future, any day on which the relevant Exchange is scheduled to be open for trading during its regular trading session(s);

**"Scheduled Trading Day (Single Future Basis)"** means any day on which the relevant Exchange is scheduled to be open for trading during its regular trading session(s);

**"Settlement Cycle"** means, in respect of a Future, the period of Clearance System Days following a trade in the Future on the Exchange on which settlement will customarily occur according to the rules of such Exchange;

**"Settlement Price"** means, unless otherwise stated in the applicable Final Terms, in relation to each Cash Settled Security, subject to the provisions of this Annex and as referred to in "Averaging Date", "Observation Date", "Strike Date" or "Valuation Date" in the W&C Security Conditions, as the case may be:

- (a) in the case of Futures Securities relating to a Basket of Futures and in respect of each Futures comprising the basket, an amount equal to the official closing price (or the price at the Valuation Time on an Averaging Date or the Valuation Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Future on (i) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (ii) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, multiplied by the relevant Weighting; and
- (b) in the case of Futures Securities relating to a single Future, an amount equal to the official price (or the price at the Valuation Time on an Averaging Date or the Valuation Date, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Future on (i) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (ii) if Averaging is specified in the applicable Final Terms, an Averaging Date;

**"Trading Disruption"** means any suspension of or limitation imposed on trading by the relevant Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or otherwise relating to the Futures on the Exchange.

## **2. Market Disruption**

**"Market Disruption Event"** means, in relation to Securities relating to a single Future or a Basket of Futures, in respect of a Future the occurrence or existence of (a) a Trading Disruption, (b) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, or (c) an Early Closure.

The Calculation Agent shall give notice as soon as practicable to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as the case may be, of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Averaging Date, or an Observation Date, a Valuation Date or the Strike Date (in the case of Certificates).

## **3. Adjustments to a Future**

### **3.1 Futures Modification, Futures Replacement or Futures De-Listing**

If, on or prior to the last Valuation Date, the last Observation Date or the last Averaging Date, (a) the relevant Exchange makes or announces that it will make a material change in the conditions of the Future(s) (a **"Futures Modification"**), (b) the relevant Exchange replaces the Future by a new Future contract to be substituted to the Future (a **"Futures Replacement"**) or (c) the relevant Exchange announces that the relevant Future cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason and is not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union) (a **"Futures De-Listing"** and, together with a Futures Modification and a Futures Replacement, each a **"Futures Adjustment Event"**), then:

- (a) following the occurrence of a Futures Modification or a Futures Replacement, the Calculation Agent shall determine if such Futures Modification or Futures Replacement has a material effect on the Securities and, if so, shall use the Future(s) so modified or replaced in lieu of the initial Future with respect to the relevant Securities; or
- (b) in the case of Warrants, the Issuer may cancel the Warrants by giving notice to Holders in accordance with W&C Security Condition 10. If the Warrants are so cancelled the Issuer will pay an amount to each Holder in respect of each Warrant or, if Units are specified in the applicable Final Terms, each Unit, being cancelled an amount equal to the fair market value of a Warrant or a Unit, as the case may be, taking into account the Futures Adjustment Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manners as shall be notified to the Holders in accordance with W&C Security Condition 10; or
- (c) in the case of Notes or Certificates;
  - (i) unless Delayed Redemption on Occurrence of Futures Adjustment Event is specified as being applicable in the applicable Final Terms, the Issuer may redeem the Securities by giving notice to Holders in accordance with Note Condition 16 or W&C Security Condition 10, as the case may be. If the Securities are so redeemed the Issuer will pay an amount to each Holder in respect of each Security being redeemed at an amount equal to the fair market value of a Security, taking into account the Futures Adjustment Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion.



Payments will be made in such manner as shall be notified to the Holders in accordance with Note Condition 16 or W&C Security Condition 10, as the case may be; or

- (ii) if Delayed Redemption on Occurrence of Futures Adjustment Event is specified as being applicable in the applicable Final Terms, the Calculation Agent shall calculate the fair market value of each Security taking into account the Futures Adjustment Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Futures Adjustment Amount**") as soon as practicable following the occurrence of the Futures Adjustment Event (the "**Calculated Futures Adjustment Amount Determination Date**") and on the Redemption Date shall redeem each Security at an amount calculated by the Calculation Agent equal to (x) the Calculated Futures Adjustment Amount plus interest accrued from and including the Calculated Futures Adjustment Amount Determination Date to but excluding the Redemption Date at a rate equal to Issuer's funding cost at such time or (y) if Principal Protected Termination Amount is specified as being applicable in the applicable Final Terms and if greater, the Notional Amount.

### 3.2 Notice

The Calculation Agent shall, as soon as practicable, notify the relevant Security Agent of any determination made by it pursuant to paragraph 3.1 above and the action proposed to be taken in relation thereto and the Calculation Agent shall make available for inspection by Holders copies of any such determinations.

### 4. Correction of Futures Price

With the exception of any corrections published after the day which is three Exchange Business Days prior to the due date for any payment under the Securities, if the price of the relevant Future(s) published on a given day and used or to be used by the Calculation Agent to make any determination under the Securities, is subsequently corrected and the correction published by the relevant Exchange within the number of days equal to the Futures Correction Period of the original publication, the price to be used shall be the price of the relevant Future(s) as so corrected. Corrections published after the day which is three Exchange Business Days prior to a due date for payment under the Securities will be disregarded by the Calculation Agent for the purposes of determining the relevant amount.

## ANNEX 10

### ADDITIONAL TERMS AND CONDITIONS FOR CREDIT SECURITIES

If specified as applicable in the Final Terms, (a) the terms and conditions applicable to Notes specified in the Final Terms as Credit Securities shall comprise the terms and conditions of Notes (the "**Note Conditions**") and the additional Terms and Conditions for Credit Securities set out below (the "**Credit Security Conditions**") and (b) the terms and conditions applicable to W&C Securities specified in the Final Terms as Credit Securities shall comprise the terms and conditions of W&C Securities (the "**W&C Security Conditions**") and the Credit Security Conditions, in each case together with any other additional terms and conditions specified in the Final Terms and subject to completion in the Final Terms. In the event of any inconsistency between (i) the Note Conditions or the W&C Security Conditions, as applicable, and (ii) the Credit Security Conditions, the Credit Security Conditions, as applicable, shall prevail. References to (i) "Credit Security" and "Credit Securities" shall be deemed to be references to "Note" or "Notes" or "W&C Security" or "W&C Securities" as the context admits; (ii) "the Final Terms" shall be construed as being a reference to the "applicable Final Terms"; and (iii) for Credit Securities in respect of which more than one Reference Entity is specified, a reference to "the Reference Entity" shall be a reference to "the applicable Reference Entity".

#### Part A

The provisions of this Part A apply in relation to Credit Securities unless (in the case of Credit Certificates or Credit Notes) the Final Terms of such Credit Securities specify that Part B of this Annex 10 shall apply.

#### 1. General

##### (a) Credit Terms

The Final Terms shall specify:

- (i) the Trade Date and (in the case of Credit Certificates) the Scheduled Redemption Date, (in the case of Credit Notes) the Scheduled Maturity Date or (in the case of Credit Warrants) the Scheduled Expiration Date;
- (ii) the type of Credit Securities, being Single Reference Entity Credit Securities, Nth-to-Default Credit Securities, Basket Credit Securities, Tranching Credit Securities and/or Combination Credit Securities;
- (iii) the Settlement Method (if not Auction Settlement) and, where Auction Settlement applies, the applicable Fallback Settlement Method;
- (iv) the Reference Entity or Reference Entities in respect of which a Credit Event may occur and, in each case, the related Transaction Type (or, if applicable, by way of reference to a Relevant Annex);
- (v) the Reference Obligation(s) (if any) in respect of each Reference Entity (if applicable, by specifying "Standard Reference Obligation: Applicable");
- (vi) the Reference Entity Notional Amount or, as applicable, the Reference Entity Weighting in respect of each Reference Entity (save where such terms are set out in a Relevant Annex); and
- (vii) if the Credit Securities are Credit Notes or Credit Certificates which are also Combination Credit Securities, the relevant information in sub-paragraphs (ii) to (vi) above for each of (A) provisions relating to interest; and (B) provisions relating to principal.

##### (b) Physical Settlement Matrix

Where a Transaction Type is specified in the Final Terms in respect of any Reference Entity, then the provisions of these Credit Security Conditions shall apply with respect to such Reference Entity in accordance with the Physical Settlement Matrix as it applies to such Transaction Type, as though such Physical Settlement Matrix were set out in full in the Final Terms.

(c) Relevant Annex

Where "Relevant Annex" is specified as applicable in the Final Terms, then notwithstanding Credit Security Condition 9 (*Successors*), Reference Entities for the purposes of the Credit Securities shall be as set out in such Relevant Annex (together with, in respect of each relevant Reference Entity, the Reference Entity Notional Amount (or, as applicable, the Reference Entity Weighting), Reference Obligations and Substitute Reference Obligations) as set out in the Final Terms, or, as applicable, as determined and published from time to time by the relevant Index Sponsor. The Calculation Agent may rely on any determinations of the relevant Index Sponsor and neither the Issuer, nor the Calculation Agent, will have any liability to the Holders or any other person as a result of relying on any such determination.

(d) Additional Provisions

If, in accordance with the specified Transaction Type or otherwise, any Additional Provisions are applicable, these Credit Security Conditions shall take effect subject to the provisions thereof.

## 2. Redemption

(a) Redemption or Expiration absent Event Determination Date

The Issuer will redeem each Credit Security (in the case of Credit Notes or Credit Certificates) on the related Credit Security Settlement Date (as such date may be extended in accordance with the definition thereof) by payment of an amount equal to (in the case of Credit Certificates) the Outstanding Notional Amount or (in the case of Credit Notes) the Outstanding Principal Amount of such Credit Security unless the Credit Securities have been previously redeemed or purchased and cancelled in full (including pursuant to Credit Security Conditions 2(b) (*Redemption or Settlement following Event Determination Date*), 2(d) (*Redemption or Cancellation following a Merger Event*) or 2(e) (*Additional Credit Security Disruption Events*)).

Each Credit Warrant will become void on its Credit Security Settlement Date (as such date may be extended in accordance with the definition thereof) unless the Credit Warrants have been previously settled or purchased and cancelled in full (including pursuant to Credit Security Conditions 2(b) (*Redemption or Settlement following Event Determination Date*), 2(d) (*Redemption or Cancellation following a Merger Event*) or 2(e) (*Additional Credit Security Disruption Events*)).

Where (in the case of Credit Certificates or Credit Warrants) the Outstanding Notional Amount or (in the case of Credit Notes) the Outstanding Principal Amount is reduced to zero, then upon the performance by the Issuer of any remaining obligations in respect of the Credit Security (including pursuant to Credit Security Condition 2(b) (*Redemption following Event Determination Date*)), such Credit Security shall (a) (in the case of Credit Notes or Credit Certificates) be deemed to have been redeemed in full; or (b) (in the case of Credit Warrants) shall be deemed to have expired, without further payment.

In the case of Tranche Credit Securities, redemption shall be in accordance with Credit Security Condition 5 (*Tranche Credit Securities (Credit Certificates and Credit Notes only)*) below.

(b) Redemption or Settlement following Event Determination Date

Upon the occurrence of an Event Determination Date in relation to any Reference Entity, then each Credit Note or Credit Certificate will be subject to redemption and each Credit Warrant will be deemed to have been automatically exercised on the Event Determination Date and will be subject to settlement:

- (i) if the applicable Settlement Method is Auction Settlement, by payment of its *pro rata* share of the Auction Settlement Amount on the Auction Settlement Date, unless a Fallback Settlement Event occurs, in which event the Issuer shall perform its respective payment and/or delivery obligations in accordance with the applicable Fallback Settlement Method;
- (ii) (in the case of Credit Certificates and Credit Notes) if the applicable Settlement Method is Physical Settlement, in accordance with Credit Security Condition 7 (*Physical Settlement (Credit Certificates and Credit Notes only)*); and
- (iii) if the applicable Settlement Method is Cash Settlement, make payment in respect of each Credit Security of its *pro rata* share of the Credit Event Cash Settlement Amount on the Cash Settlement Date.

Where the applicable Settlement Method is Auction Settlement, if an Event Determination Date occurs with respect to a Reference Entity following the occurrence of a Fallback Settlement Event with respect to a prior Event Determination Date in relation to such Reference Entity and no Fallback Settlement Event occurs with respect to a subsequent Event Determination Date, the Issuer shall, if it so elects on or prior to a related Valuation Date or Delivery Date, redeem or settle the Credit Securities pursuant to the occurrence of the subsequent Event Determination Date in accordance with this Credit Security Condition 2(b) by Auction Settlement.

In the case of Tranche Credit Securities, redemption shall be in accordance with Credit Security Condition 5 (*Tranche Credit Securities (Credit Certificates and Credit Notes only)*) below.

(c) Settlement at Maturity

Where "Settlement at Maturity" is specified as applicable in the Final Terms, payment of any (in the case of Credit Certificates) the Outstanding Notional Amount or (in the case of Credit Notes) the Outstanding Principal Amount, Auction Settlement Amounts or Credit Event Cash Settlement Amounts, as applicable, shall be deferred until the later of the Credit Security Settlement Date and the last Auction Settlement Date or Cash Settlement Date determined in respect of any Reference Entity (and notwithstanding any other provision of the Note Conditions (if applicable), the W&C Security Conditions (if applicable) or these Credit Security Conditions, no interest shall accrue on any payment of any amount which is so deferred).

(d) Redemption or Cancellation following a Merger Event

If this Credit Security Condition 2(b) is specified as applicable in the Final Terms, in the event that in the determination of the Calculation Agent a Merger Event has occurred, the Issuer may give notice to the Holders in accordance with W&C Security Condition 10 (*Notices*) or Note Condition 16 (*Notices*), as applicable, and (in the case of Credit Notes or Credit Certificates) redeem or (in the case of Credit Warrants) cancel all but not some only of the Credit Securities on the Merger Event Redemption Date, and if the Credit Securities are so redeemed or, as the case may be, cancelled, the Issuer shall pay an amount to each Holder in respect of each Credit Security, which amount shall be the fair market value of the Credit Security taking into account the Merger Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (including without limitation any Credit Unwind Costs), all as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner.

(e) Additional Credit Security Disruption Events

If the Calculation Agent determines that an Additional Credit Security Disruption Event has occurred, the Issuer may (in the case of Credit Notes or Credit Certificates) redeem (or, in the case of Credit Warrants, settle) the

Credit Securities by giving notice to Holders in accordance with W&C Security Condition 10 (*Notices*) or Note Condition 16 (*Notices*), as applicable. If the Credit Securities are so redeemed (or settled, as applicable), the Issuer will pay an amount to each Holder in respect of each Credit Security equal to the fair market value of such Credit Security taking into account the Additional Credit Security Disruption Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements all as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner.

(f) Suspension of Obligations

If there is a DC Credit Event Question in relation to any Reference Entity, then (unless the Issuer otherwise elects by notice to the Calculation Agent and the Holders) from the date of such DC Credit Event Question (and notwithstanding that the relevant Credit Derivatives Determinations Committee has yet to determine whether Publicly Available Information is available or that a Credit Event has occurred) any obligation of the Issuer to (in the case of Credit Certificates and Credit Notes) redeem or (in the case of Credit Warrants) settle any Credit Security (including pursuant to Credit Security Condition 2(b) (*Redemption or Settlement following Event Determination Date*)) (and the timing requirements of the Cash Settlement Date, Valuation Date, Relevant Valuation Date, NOPS Cut-off Date, Physical Settlement Period and any other provisions pertaining to settlement) insofar as it relates to the relevant Reference Entity and (in the case of Credit Certificates or Credit Notes) pay any amount of interest which would otherwise be due thereon or any obligation of the Calculation Agent to calculate any amount of interest shall (in each case, regardless of whether such interest relates to the relevant Reference Entity) be and remain suspended until the date of the relevant DC Credit Event Announcement, DC No Credit Event Announcement or DC Credit Event Question Dismissal.

During such suspension period, the Issuer shall not be obliged to, nor entitled to, take any action in connection with the (in the case of Credit Certificates or Credit Notes) redemption or (in the case of Credit Warrants) settlement of the Credit Securities, in each case insofar as they relate to the relevant Reference Entity, or (in the case of Credit Certificates or Credit Notes) (i) in connection with the payment of any applicable interest on the Credit Securities; or (ii) if the Final Terms specify that "Calculation and Settlement Suspension" applies, the Calculation Agent shall not be obliged to take any action in connection with the calculation of any amount of interest (in each case, if the Final Terms specifies that "Calculation and Settlement Suspension" applies, regardless of whether any such interest relates to the relevant Reference Entity). Once the relevant DC Credit Event Announcement, DC No Credit Event Announcement or DC Credit Event Question Dismissal has occurred, such suspension shall terminate and any obligations so suspended shall resume on the Credit Security Business Day following such public announcement by ISDA, with the Issuer and, as the case may be, the Calculation Agent having the benefit of the full day notwithstanding when the suspension began. In the case of Credit Certificates and Credit Notes any amount of interest so suspended shall, subject always to Credit Security Condition 3(a) (*Cessation of Interest Accrual*), become due on a date selected by the Calculation Agent falling not later than fifteen Business Days following such public announcement by ISDA.

For the avoidance of doubt, no interest shall accrue on any payment of (in the case of Credit Certificates or Credit Notes) interest or (in the case of all Credit Securities) any other amounts which are deferred in accordance with this Credit Security Condition 2(f).

(g) Miscellaneous provisions relating to Redemption or Settlement

If the Credit Securities are partially redeemed or settled, the relevant Credit Securities or, if the Credit Securities are represented by a Permanent Global Note or a Permanent Global Security, or if the Credit Securities are Uncertificated Notes or Uncertificated Securities that are registered in the main register (*Hauptregister*) of the Intermediary, such Permanent Global Note or Permanent Global Security or Uncertificated Notes or Uncertificated Securities (as applicable), shall be endorsed to reflect such partial redemption or settlement. Upon such partial redemption or settlement, (in the case of Credit Certificates and Credit Warrants) the Outstanding Notional Amount or (in the case of Credit Notes) the Outstanding Principal Amount of each Credit Security shall

be reduced for all purposes (including (in the case of Credit Certificates and Credit Notes) accrual of interest thereon) accordingly.

Redemption or settlement of any Credit Security in accordance with this Credit Security Condition 2 (*Redemption*), and, in the case of Credit Certificates and Credit Notes, together with payment of interest, if any, due thereon shall discharge all or the relevant portion of the obligations of the Issuer in relation thereto.

### **3. Interest (Credit Certificates and Credit Notes only)**

#### **(a) Cessation of Interest Accrual**

In the case of Credit Securities which are either Credit Certificates or Credit Notes and which are specified in the Final Terms to bear interest, such interest shall accrue (in the case of Credit Certificates) on the Outstanding Notional Amount and (in the case of Credit Notes) on the Outstanding Principal Amount of each such Credit Security from time to time. Upon the occurrence of an Event Determination Date in respect of any Reference Entity, (in the case of Credit Certificates) the Outstanding Notional Amount and (in the case of Credit Notes) the Outstanding Principal Amount of each Credit Security shall, for the purposes of the calculation of accrual of interest thereon, be deemed to have been reduced in an amount equal to such Credit Security's *pro rata* share of the relevant Reference Entity Notional Amount (or, in the case of Tranching Credit Securities, of the corresponding Writedown Amount) with effect from and including:

##### **(i) either:**

(A) the Interest Payment Date; or

(B) if so specified in the Final Terms, the Interest Period End Date,

immediately preceding such Event Determination Date (or, in the case of the first Interest Period, the Interest Commencement Date); or

##### **(ii) if so specified in the Final Terms, such Event Determination Date.**

#### **(b) Interest following Scheduled Maturity**

Subject always to Credit Security Condition 3(a) (Cessation of Interest Accrual), if an Extension Notice has been given (other than pursuant to paragraph (d) of the definition of "Extension Notice"), each Credit Security which is a Credit Certificate or a Credit Note and which is outstanding following the (in the case of Credit Certificates) the Scheduled Redemption Date or (in the case of Credit Notes) the Scheduled Maturity Date, shall continue to bear interest on (i) (in the case of Credit Certificates) its daily Outstanding Notional Amount and (ii) (in the case of Credit Notes) its daily Outstanding Principal Amount, from (and including) (i) (in the case of Credit Certificates) the Scheduled Redemption Date or (ii) (in the case of Credit Notes) the Scheduled Maturity Date, to (but excluding) the related Credit Security Settlement Date at a rate of interest equal to either:

(i) the rate that BNP Paribas would pay to an independent customer in respect of overnight deposits in the currency of the Credit Securities; or

(ii) such other rate as shall be specified for such purpose in the Final Terms.

For the avoidance of doubt, if an Extension Notice has been given pursuant to paragraph (d) of the definition thereof, no interest shall accrue from (and including) the Scheduled Redemption Date or the Scheduled Maturity Date (as applicable) to (but excluding) the related Credit Security Settlement Date.

#### **(c) Interest Payment Dates**

If the Credit Securities are redeemed pursuant to the Note Conditions or the W&C Security Conditions (as applicable) or these Credit Security Conditions, the Scheduled Redemption Date or the Scheduled Maturity Date (as applicable), the Credit Security Settlement Date (if not the Scheduled Redemption Date or the Scheduled Maturity Date, as the case may be), the last Auction Settlement Date, the last Cash Settlement Date or the last Delivery Date, as the case may be, shall be an Interest Payment Date in respect of each Credit Security and the Issuer shall pay any interest that is accrued and unpaid in respect of each Credit Security on such Interest Payment Date.

#### **4. Nth-to-Default Credit Securities**

Where the Credit Securities are Nth-to-Default Credit Securities, an Event Determination Date shall not be taken into account for the purposes of Credit Security Condition 2 (*Redemption*) and (in the case of Credit Certificates and Credit Notes) Credit Security Condition 3 (*Interest*) unless and until the number of Reference Entities in respect of which an Event Determination Date has occurred is equal to N. Unless "Multiple Default Trigger" is specified as applicable in the Final Terms, with effect from such date, no Event Determination Date shall occur in respect of any other relevant Reference Entity.

In the case of Credit Securities where "Multiple Default Trigger" is specified as applicable, the provisions of Credit Security Condition 2 (*Redemption*) and (in the case of Credit Certificates and Credit Notes) Credit Security Condition 3 (*Interest (Credit Certificates and Credit Notes only)*) shall apply in respect of every subsequent Event Determination Date until the number of Reference Entities in respect of which an Event Determination Date has occurred is equal to M.

#### **5. Tranched Credit Securities (Credit Certificates and Credit Notes only)**

The following provisions shall apply in respect of Credit Securities which are Credit Certificates or Credit Notes and which are also Tranched Credit Securities. For clarification, in respect of such Credit Securities, in the event of any inconsistency between the following and the remainder of the Credit Security Conditions, the following shall prevail:

- (i) Unless the Credit Securities have been previously redeemed or purchased and cancelled in full (including pursuant to any Credit Security Condition), the Issuer will redeem each Tranched Credit Security on the Credit Security Settlement Date by payment of an amount equal to (A) (in the case of Credit Certificates) the Outstanding Notional Amount or (B) (in the case of Credit Notes) the Outstanding Principal Amount, of such Credit Security (together with interest, if any, payable thereon) plus its *pro rata* share of the Aggregate Incurred Recovery Amount, provided that (unless Credit Security Condition 2(b) (*Redemption or Settlement following Event Determination Date*) is specified not to be applicable in the Final Terms or the Final Price is specified in the Final Terms) if an Unsettled Credit Event has occurred, (A) a Redemption Preliminary Amount will be payable on the Credit Security Settlement Date and a Redemption Residual Amount will be payable on the Final Settlement Date, and (B) the Aggregate Incurred Recovery Amount (if any) in respect of each Tranched Credit Security shall be payable on the Final Settlement Date instead of the Credit Security Settlement Date. For the avoidance of doubt, no interest shall accrue or be payable in respect of any Aggregate Incurred Recovery Amount or any payment or postponement of payment thereof.
- (ii) If (in the case of Credit Certificates) the Outstanding Notional Amount or (in the case of Credit Notes) the Outstanding Principal Amount, of any Tranched Credit Security is reduced to zero, such Credit Security will be redeemed in full by payment of an amount equal to its *pro rata* share of the Aggregate Incurred Recovery Amount (if any) on the Final Settlement Date, and, for the avoidance of doubt, no interest shall accrue or be payable in respect of any Aggregate Incurred Recovery Amount or any payment or postponement of payment thereof) and the Issuer shall have no further obligations in respect of such Credit Security.

- (iii) Credit Security Condition 3(b) (*Interest following Scheduled Maturity*) shall not apply, and no interest shall accrue from (and including) (in the case of Credit Certificates) the Scheduled Redemption Date or (in the case of Credit Notes) the Scheduled Maturity Date. No interest shall be payable in respect of any postponement of the payment of any interest, redemption amount, Auction Settlement Amount, Credit Event Cash Settlement Amount or any other amounts.
- (iv) If the Calculation Agent determines in relation to any Reference Entity:
  - (A) without prejudice to the sub-paragraphs below, that a Credit Event has occurred or may occur on or prior to any Interest Payment Date;
  - (B) that a Potential Failure to Pay has occurred or may occur on or prior to any Interest Payment Date;
  - (C) that a Potential Repudiation/Moratorium has occurred or may occur on or prior to any Interest Payment Date;
  - (D) that a Credit Event Resolution Request Date has occurred or may occur on or prior to any Interest Payment Date; or
  - (E) (unless Credit Security Condition 2(b) (*Redemption or Settlement following Event Determination Date*) is specified not to be applicable in the Final Terms or the Final Price is specified in the Final Terms) that an Unsettled Credit Event has occurred,

then interest (if any) on such Tranching Credit Security shall be deemed to cease to accrue on (in the case of Credit Certificates) an Outstanding Notional Amount or (in the case of Credit Notes) an Outstanding Principal Amount, equal to its *pro rata* share of the sum of the maximum Incurred Loss Amounts and maximum Incurred Recovery Amounts which could be determined (assuming an Auction Final Price, Weighted Average Final Price or Final Price of zero) (a "**Deemed Interest Reduction**") with effect from (and including) the Interest Period End Date (or, if none, the Interest Commencement Date) immediately preceding the date of such determination or (in the case of the occurrence of an Unsettled Credit Event) the relevant date applicable pursuant to Credit Security Condition 3(a) (*Cessation of Interest Accrual*). In such case, the related Interest Shortfall Amount (if any) shall be payable on the related Interest Shortfall Payment Date. No interest shall be payable in respect of any such postponement of payment of any Interest Shortfall Amount or any other interest or other amounts.

- (v) If any day is a Final Price Calculation Date with respect to more than one Reference Entity, the Loss Amount, the Recovery Amount, the Incurred Loss Amount and the Incurred Recovery Amount (if applicable) with respect to each Reference Entity shall be calculated in the order that either of the following events occurred with respect to such Reference Entities: (i) the Credit Event Resolution Request Date (provided that if a Credit Event Resolution Request Date occurs in respect of more than one such Reference Entity on the same day, the first Reference Entity in respect of which the DC Secretary announces that the relevant DC Credit Event Question was effective and the relevant Credit Derivatives Determinations Committee was in possession of the relevant Publicly Available Information, in each case in accordance with the "Credit Event Resolution Request Date" definition, shall be deemed to have satisfied this condition first) or (ii) the delivery of the Credit Event Notice (provided that if any of the relevant Credit Event Notices are delivered at the same time, in a sequential order as determined by the Calculation Agent).

## 6. Combination Credit Securities (Credit Certificates and Credit Notes only)

Where the Credit Securities are either Credit Certificates or Credit Notes which are also Combination Credit Securities, amounts payable in respect of interest thereon and by way of redemption thereof (including, for



clarification, pursuant to the occurrence of a Credit Event), and the dates on which such amounts fall to be paid, will be calculated:

- (i) in the case of interest, as though the Credit Securities were of the type specified in the Final Terms under the heading "Credit-linked Interest Type" and as further specified in the Final Terms under the heading "Terms relating to Credit Linked Interest"; and
- (ii) in the case of amounts payable on redemption of the Credit Securities, as though the Credit Securities were of the type specified in the Final Terms under the heading "Credit-linked Principal Type" and as further specified in the Final Terms under the heading "Terms relating to Credit Linked Principal".

Where the Credit Securities are subject to redemption in full in circumstances where, pursuant to the above, further amounts are or may be payable subsequently in respect of interest thereon, then, only to the extent required by the terms of any relevant clearing system in order to permit payment of such interest, each Credit Security shall be deemed to remain outstanding in an amount equal to one unit of the Settlement Currency. No payment shall be made in respect of such outstanding amount, and each Credit Security which is deemed to be outstanding on such basis shall be cancelled in full on the last date for payment of interest thereon.

## **7. Physical Settlement (Credit Certificates and Credit Notes only)**

### **(a) Delivery and payment**

If Physical Settlement applies to any Credit Certificate or Credit Note, then, upon the occurrence of an Event Determination Date, the Issuer shall, on or prior to the related Physical Settlement Date and subject to Credit Security Conditions 7(b) (*Partial Cash Settlement Due to Impossibility or Illegality*), 7(c) (*Non-Delivery of Deliverable Obligations*) and 7(f) (*Expenses*), redeem such Credit Security in full (or, where such Credit Security is a Basket Credit Security, in part, (in the case of Credit Certificates) in an Outstanding Notional Amount or (in the case of Credit Notes) in an Outstanding Principal Amount corresponding to such Credit Security's *pro rata* share of the relevant Reference Entity Notional Amount), respectively, by:

- (i) Delivering a *pro rata* share of the Deliverable Obligations specified in the related Notice of Physical Settlement or NOPS Amendment Notice, as applicable; and
- (ii) paying such Credit Security's *pro rata* portion of the related Physical Settlement Adjustment Rounding Amount.

### **(b) Partial Cash Settlement Due to Impossibility or Illegality**

If, due to an event beyond the control of the Issuer, it is impossible or illegal for the Issuer to Deliver or, due to an event beyond the control of the Issuer or any Holder, it is impossible or illegal for the Issuer or the relevant Holder to accept Delivery of any of the Deliverable Obligations (other than a Deliverable Obligation described in paragraph (d) of the definition of "Deliverable Obligation") specified in a Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, on the related Physical Settlement Date, then on such date the Issuer shall Deliver any of the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, for which it is possible and legal to take Delivery. If any Undeliverable Obligations have not been delivered on or prior to the Latest Permissible Physical Settlement Date, then Partial Cash Settlement shall apply with respect to such Undeliverable Obligations and, accordingly, the Issuer shall pay the relevant Holders an amount equal to the Partial Cash Settlement Amount to be apportioned *pro rata* amongst the relevant Holders on the Partial Cash Settlement Date.

### **(c) Non-Delivery of Deliverable Obligations**

If the Issuer does not Deliver any Deliverable Obligation specified in a Notice of Physical Settlement or NOPS Amendment Notice, as applicable, other than as a result of an event or circumstance contemplated in Credit Security Condition 7(b) above (including following the occurrence of a Hedge Disruption Event), such failure shall not constitute an Event of Default or breach of agreement for the purpose of the Credit Securities and the Issuer may continue to attempt to Deliver the Deliverable Obligations that are Bonds or Loans until the Extended Physical Settlement Date.

If, as at the relevant Extended Physical Settlement Date, any such Deliverable Obligations have not been Delivered, then Partial Cash Settlement shall apply with respect to such Deliverable Obligations and the Issuer shall pay to the Holders an amount equal to the Partial Cash Settlement Amount to be apportioned *pro rata* amongst the Holders on the Partial Cash Settlement Date.

(d) Aggregation and Rounding

Where a Holder holds Credit Securities (in the case of Credit Certificates) in an aggregate Outstanding Notional Amount or (in the case of Credit Notes) in an aggregate Outstanding Principal Amount (or, in the case of Partly Paid Credit Certificates or Credit Notes, to the extent paid-up) greater than (in the case of Credit Certificates) the Notional Amount or (in the case of Credit Notes) the Specified Denomination, the Outstanding Principal Balance of the Deliverable Obligations to be Delivered in respect of the Credit Securities of such Holder shall be aggregated for the purposes of this Credit Security Condition 7 (*Physical Settlement (Credit Certificates and Credit Notes only)*). If the Outstanding Principal Balance of the Deliverable Obligations to be Delivered in respect of each Credit Security to be redeemed pursuant to Credit Security Condition 7 (*Physical Settlement (Credit Certificates and Credit Notes only)*) on any occasion is not equal to an authorised denomination (or integral multiple thereof) of such Deliverable Obligations then the Outstanding Principal Balance of Deliverable Obligations to be Delivered will be rounded down to the nearest authorised denomination or multiple thereof, or, if none, to zero. In such circumstances, the Deliverable Obligations that were not capable of being Delivered shall, if and to the extent practicable, be sold by the Issuer or such other agent as may be appointed by the Issuer for such purpose and, if they are so sold, the Issuer shall make payment in respect of each Credit Security in an amount equal to its *pro rata* share of the related net sale proceeds as soon as reasonably practicable following receipt thereof.

(e) Delivery and Fees

The Delivery of any of the Deliverable Obligations pursuant to the provisions of this Credit Security Condition 7 (*Physical Settlement (Credit Certificates and Credit Notes only)*) shall be made in such manner as the Issuer shall determine, in a commercially reasonable manner, to be appropriate for such Delivery. Subject as set out in the definition of "Deliver":

- (i) any recordation, processing or similar fee reasonably incurred by the Issuer and/or any of its Affiliates and payable to the agent under a Loan in connection with an assignment or novation (where Deliverable Obligations include Assignable Loans or Consent Required Loans) or participation (where Deliverable Obligations include Direct Loan Participations) shall be payable by the relevant Holders, and if any Stamp Tax or transaction tax is payable in connection with the Delivery of any Deliverable Obligations, payment thereof shall be made by the relevant Holders; and
- (ii) any other expenses arising from the Delivery and/or transfer of the Deliverable Obligations shall be for the account of the Holders or the Issuer, as appropriate, determined by the Calculation Agent in accordance with then current market conventions.

Delivery and/or transfer of the Deliverable Obligations shall be delayed until all expenses relating to such Delivery or transfer payable by the Holders have been paid to the satisfaction of the Issuer.

(f) Expenses

A Holder will not be entitled to any of the amounts or assets specified as being due to it in this Credit Security Condition 7 (*Physical Settlement (Credit Certificates and Credit Notes only)*) upon the occurrence of an Event Determination Date and delivery of the Notice of Physical Settlement until all Expenses have been paid to the satisfaction of the Issuer by the relevant Holder.

**8. Provisions relating to Obligation Category and Characteristics and Deliverable Obligation Category and Characteristics**

(a) Obligation Characteristics

If either of the Obligation Characteristics "Listed" or "Not Domestic Issuance" is specified in the Final Terms or is applicable in respect of the applicable Transaction Type, the Final Terms shall be construed as though the relevant Obligation Characteristic had been specified as an Obligation Characteristic only with respect to Bonds.

(b) Deliverable Obligation Category and Characteristics

If:

- (i) any of the Deliverable Obligation Characteristics "Listed", "Not Domestic Issuance" or "Not Bearer" is specified in the Final Terms or is applicable in respect of the applicable Transaction Type, Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds;
- (ii) the Deliverable Obligation Characteristic "Transferable" is specified in the Final Terms or is applicable in respect of the applicable Transaction Type, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans;
- (iii) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the Final Terms or is applicable in respect of the applicable Transaction Type, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans; and
- (iv) more than one of "Assignable Loan", "Consent Required Loan" and "Direct Loan Participation" are specified in the Final Terms as Deliverable Obligation Characteristics or is applicable in respect of the applicable Transaction Type, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics.

(c) Relevant Guarantee

If an Obligation or a Deliverable Obligation is a Relevant Guarantee, the following will apply:

- (i) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Relevant Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation.
- (ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Relevant Guarantee and the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or Deliverable Obligation Characteristics, if any, specified in the Final Terms or applicable in respect of the relevant Transaction Type from the

following list: "Not Subordinated", "Specified Currency", "Not Sovereign Lender", "Not Domestic Currency" and "Not Domestic Law".

- (iii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the Final Terms or applicable in respect of the relevant Transaction Type from the following list: "Listed", "Not Domestic Issuance", "Assignable Loan", "Consent Required Loan", "Direct Loan Participation", "Transferable", "Maximum Maturity", "Accelerated or Matured" and "Not Bearer".
- (iv) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (v) For the avoidance of doubt the provisions of this Credit Security Condition 8 (*Provisions relating to Obligation Category and Characteristics and Deliverable Obligation Category and Characteristics*) apply in respect of the definitions of "Obligation" and "Deliverable Obligation" as the context admits.

(d) Maximum Maturity

For purposes of the application of the Deliverable Obligation Characteristic "Maximum Maturity", remaining maturity shall be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the remaining maturity shall be zero.

(e) Financial Reference Entity Terms and Governmental Intervention

If "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in respect of a Reference Entity, if an obligation would otherwise satisfy a particular Obligation Characteristic or Deliverable Obligation Characteristic, the existence of any terms in the relevant obligation in effect at the time of making the determination which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, shall not cause such obligation to fail to satisfy such Obligation Characteristic or Deliverable Obligation Characteristic.

(f) Prior Deliverable Obligation or Package Observable Bond

For the purposes of determining the applicability of Deliverable Obligation Characteristics and the requirements specified in Credit Security Condition 11(b) (*Mod R*) and Credit Security Condition 11(c) (*Mod Mod R*) to a Prior Deliverable Obligation or a Package Observable Bond, any such determination shall be made by reference to the terms of the relevant obligation in effect immediately prior to the Asset Package Credit Event.

(g) Subordinated European Insurance Terms

If "Subordinated European Insurance Terms" is specified as applicable in respect of the Reference Entity, if an obligation would otherwise satisfy the "Maximum Maturity" Deliverable Obligation Characteristic, the existence of any Solvency Capital Provisions in such obligation shall not cause it to fail to satisfy such Deliverable Obligation Characteristic.

(h) Accrued Interest

With respect to any Credit Securities for which:

- (i) "Physical Settlement" is specified to be the Settlement Method in the Final Terms (or for which Physical Settlement is applicable as the Fallback Settlement Method), the Outstanding Principal Balance of the

Deliverable Obligations being Delivered will exclude accrued but unpaid interest, unless "Include Accrued Interest" is specified in the Final Terms, in which case, the Outstanding Principal Balance of the Deliverable Obligations being Delivered will include accrued but unpaid interest;

- (ii) "Cash Settlement" is specified to be the Settlement Method in the Final Terms (or if Cash Settlement is applicable as the Fallback Settlement Method), and:
  - (A) "Include Accrued Interest" is specified in the Final Terms, the Outstanding Principal Balance of the Reference Obligation or Valuation Obligation, as applicable, shall include accrued but unpaid interest;
  - (B) "Exclude Accrued Interest" is specified in the Final Terms, the Outstanding Principal Balance of the Reference Obligation or Valuation Obligation, as applicable, shall not include accrued but unpaid interest; or
  - (C) neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the Final Terms, the Calculation Agent shall determine based on the then current market practice in the market of the Reference Obligation or Valuation Obligation, as applicable, whether the Outstanding Principal Balance of the Reference Obligation or Valuation Obligation shall include or exclude accrued but unpaid interest and, if applicable, the amount thereof; or
- (iii) Credit Security Condition 7(b) (*Partial Cash Settlement Due to Impossibility or Illegality*) or Credit Security Condition 7(c) (*Non-Delivery of Deliverable Obligations*) is applicable, the Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation, Undeliverable Loan Obligation, Undeliverable Participation or Unassignable Obligation, whether such Quotations shall include or exclude accrued but unpaid interest.

(i) Asset Package Delivery

"**Asset Package Delivery**" will apply if an Asset Package Credit Event occurs, unless (i) such Asset Package Credit Event occurs prior to the Credit Event Backstop Date determined in respect of the Credit Event specified in the Credit Event Notice or DC Credit Event Announcement applicable to the Event Determination Date, or (ii) if the Reference Entity is a Sovereign, no Package Observable Bond exists immediately prior to such Asset Package Credit Event.

If the "Sovereign No Asset Package Delivery Supplement" is applicable in respect of a Reference Entity, then, notwithstanding the above, it shall be deemed that no Package Observable Bond exists with respect to such Reference Entity that is a Sovereign (even if such a Package Observable Bond has been published by ISDA) and accordingly, Asset Package Delivery shall not apply thereto.

## 9. Successors

(a) Provisions for determining a Successor

- (i) Subject as set out in Credit Security Condition 1(c) (*Relevant Annex*) the Calculation Agent may determine, following any succession (or, in relation to a Reference Entity that is a Sovereign, a Sovereign Succession Event) and with effect from the Succession Date, any Successor or Successors under the definition of "Successor"; provided that the Calculation Agent will not make such determination if, at the time of determination, the DC Secretary has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that there is no Successor based on the relevant succession to Relevant Obligations.

The Calculation Agent will make all calculations and determinations required to be made under the definition of "Successor" (or the provisions relating to the determination of a Successor) on the basis of Eligible Information.

In calculating the percentages used to determine whether an entity qualifies as a Successor under the definition of "Successor", if there is a Steps Plan, the Calculation Agent shall consider all related successions in respect of such Steps Plan in aggregate as if forming part of a single succession.

- (ii) An entity may only be a Successor if:
  - (I) either (A) the related Succession Date occurs on or after the Successor Backstop Date, or (B) such entity is a Universal Successor in respect of which the Succession Date occurred on or after January 1, 2014;
  - (II) the Reference Entity had at least one Relevant Obligation outstanding immediately prior to the Succession Date and such entity succeeds to all or part of at least one Relevant Obligation of the Reference Entity; and
  - (III) where the Reference Entity is a Sovereign, such entity succeeded to the Relevant Obligations by way of a Sovereign Succession Event.
- (iii) In the case of an exchange offer, the determination required pursuant to the definition of "Successor" shall be made on the basis of the outstanding principal balance of Relevant Obligations exchanged and not on the basis of the outstanding principal balance of the Exchange Bonds or Loans.
- (iv) If two or more entities (each, a "**Joint Potential Successor**") jointly succeed to a Relevant Obligation (the "**Joint Relevant Obligation**") either directly or as a provider of a Relevant Guarantee, then (i) if the Joint Relevant Obligation was a direct obligation of the Reference Entity, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as direct obligor or obligors, or (ii) if the Joint Relevant Obligation was a Relevant Guarantee, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as guarantor or guarantors, if any, or otherwise by each Joint Potential Successor in equal parts.

(b) Single Reference Entity

Where the Credit Securities are Single Reference Entity Credit Securities and a Succession Date has occurred and more than one Successor has been identified, each such Credit Security will be deemed for all purposes to have been divided, with effect from the Succession Date, into the same number of new Credit Securities as there are Successors with the following terms:

- (i) each Successor will be a Reference Entity for the purposes of one of the deemed new Credit Securities;
- (ii) in respect of each deemed new Credit Security, the Reference Entity Notional Amount will be the Reference Entity Notional Amount applicable to the original Reference Entity divided by the number of Successors; and
- (iii) all other terms and conditions of the original Credit Securities will be replicated in each deemed new Credit Security except that the Calculation Agent shall make such modifications as it determines are required in order to preserve the economic effects of the original Credit Securities in the deemed new Credit Securities (considered in aggregate).

(c) Nth-to-Default

Where the Credit Securities are Nth-to-Default Credit Securities:

- (i) where a Succession Date has occurred in respect of a Reference Entity (other than a Reference Entity in respect of which a Credit Event has occurred) and more than one Successor has been identified, each such Credit Security will be deemed for all purposes to have been divided, with effect from the Succession Date, into a number of new Credit Securities equal to the number of Successors. Each such new Credit Security shall include a Successor and each and every one of the unaffected Reference Entities and the provisions of Credit Security Condition 9(b)(i) to (iii) (inclusive) shall apply thereto;
- (ii) if "Substitution" is specified as not being applicable in the Final Terms, where any Reference Entity (the "**Surviving Reference Entity**") (other than a Reference Entity that is subject to the Succession Date) would be a Successor to any other Reference Entity (the "**Legacy Reference Entity**") pursuant to a Succession Date, such Surviving Reference Entity shall be deemed to be a Successor to the Legacy Reference Entity; and
- (iii) if "Substitution" is specified as being applicable in the Final Terms, where the Surviving Reference Entity (other than a Reference Entity that is subject to the Succession Date) would be a Successor to a Legacy Reference Entity pursuant to a Succession Date:
  - (A) such Surviving Reference Entity shall be deemed not to be a Successor to the Legacy Reference Entity; and
  - (B) the Replacement Reference Entity shall be deemed to be a Successor to the Legacy Reference Entity.

(d) Basket Credit Securities and Tranched Credit Securities

Where the Credit Securities are Basket Credit Securities or Tranched Credit Securities, and one or more Successors have been identified in respect of a Reference Entity that has been the subject of a related Succession Date (the "**Affected Entity**"), then, with effect from the Succession Date:

- (i) the Affected Entity will no longer be a Reference Entity (unless it is a Successor as described in (ii) below);
- (ii) each Successor will be deemed a Reference Entity (in addition to each Reference Entity which is not an Affected Entity);
- (iii) the Reference Entity Notional Amount for each such Successor will equal the Reference Entity Notional Amount of the Affected Entity divided by the number of Successors;
- (iv) the Calculation Agent may make any modifications to the terms of the Credit Securities which it determines may be required to preserve the economic effects of the Credit Securities prior to the Succession Date (considered in the aggregate); and
- (v) for the avoidance of doubt, a Reference Entity may, as a result of a Succession Date, be represented by multiple Reference Entity Notional Amounts for the Successor(s) of such Reference Entity.

**10. Provisions relating to LPN Reference Entities and CoCo Supplement**

(a) LPN Reference Entities

The following provisions shall apply if the Final Terms provide that "LPN Reference Entity" is applicable:

- (i) Multiple Holder Obligation will not be applicable with respect to any Reference Obligation and any Underlying Loan;
  - (ii) each Reference Obligation will be an Obligation notwithstanding anything to the contrary in these Credit Security Conditions, and in particular, that the obligation is not an obligation of the Reference Entity;
  - (iii) each Reference Obligation will be a Deliverable Obligation notwithstanding anything to the contrary in these Credit Security Conditions, and in particular, that the obligation is not an obligation of the Reference Entity;
  - (iv) for the avoidance of doubt, with respect to any LPN Reference Obligation that specifies an Underlying Loan or an Underlying Finance Instrument, the outstanding principal balance shall be determined by reference to the Underlying Loan or Underlying Finance Instrument (as applicable) relating to such LPN Reference Obligation; and
  - (v) the "Not Subordinated" Obligation Characteristic and Deliverable Obligation Characteristic shall be construed as if no Reference Obligation was specified in respect of the Reference Entity.
- (b) Provisions relating to CoCo Supplement

The following provisions shall apply in respect of a Reference Entity if the "CoCo Supplement" is applicable:

- (i) If, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, the operation of one or more CoCo Provisions results in (i) a permanent or temporary reduction of the amount of principal payable at redemption or (ii) a conversion of principal into shares or another instrument, such event shall be deemed to constitute a Governmental Intervention falling within paragraph (a) of the definition thereof.
- (ii) A CoCo Provision shall be deemed to be a provision which permits a Governmental Intervention for all purposes.
- (iii) The following terms shall have the following meanings:

**"Coco Provision"** means, with respect to an Obligation, a provision which requires (i) a permanent or temporary reduction of the amount of principal payable at redemption or (ii) a conversion of principal into shares or another instrument, in each case, if the Capital Ratio is at or below the Trigger Percentage.

**"Trigger Percentage"** means the trigger percentage specified in respect of the Reference Entity (or if no such trigger percentage is specified, 5.25 per cent.).

**"Capital Ratio"** means the ratio of capital to risk weighted assets applicable to the Obligation, as described in the terms thereof in effect from time to time.

## 11. Restructuring Credit Event

- (a) Multiple Credit Event Notices (Credit Notes and Credit Certificates only)

Upon the occurrence of an M(M)R Restructuring with respect to a Reference Entity:

- (i) the Calculation Agent may deliver multiple Credit Event Notices with respect to such M(M)R Restructuring, each such notice setting forth the amount of the relevant Reference Entity Notional Amount to which such notice applies (the **"Exercise Amount"**) provided that if the Credit Event Notice does not specify an Exercise Amount, the then outstanding Reference Entity Notional Amount (and not a portion thereof) will be deemed to have been specified as the Exercise Amount;



- (ii) the provisions of these Credit Security Conditions (including without limitation, as to the determination of any Auction Settlement Amount, Credit Event Cash Settlement Amount and Loss Amount) shall be deemed to apply to (in the case of Credit Certificates) an aggregate Outstanding Notional Amount or (in the case of Credit Notes) an aggregate Outstanding Principal Amount, of Credit Securities equal to the Exercise Amount only and all the provisions shall be construed accordingly; and
- (iii) the Exercise Amount in connection with a Credit Event Notice describing an M(M)R Restructuring must be an amount that is at least 1,000,000 units of the Specified Currency (or, if Japanese Yen, 100,000,000 units) in which the Reference Entity Notional Amount is denominated or any integral multiple thereof or the entire relevant Reference Entity Notional Amount.

If any Credit Security is subject to partial redemption in accordance with this Credit Security Condition 11(a), the relevant Credit Security or, if the Credit Securities are represented by a Permanent Global Note or a Permanent Global Security, or if the Credit Securities are Uncertificated Notes or Uncertificated Securities that are registered in the main register (*Hauptregister*) of the Intermediary, such Permanent Global Note or Permanent Global Security or Uncertificated Securities or Uncertificated Notes (as applicable), shall be endorsed to reflect such partial redemption.

This Credit Security Condition 11(a) shall not apply in relation to any Credit Warrants.

(b) Mod R

If (i) "Physical Settlement" or "Cash Settlement" is specified to be the Settlement Method in the Final Terms (or is applicable as the Fallback Settlement Method), (ii) "Mod R" is specified as applicable in respect of the Reference Entity and (iii) Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation or, as applicable, Valuation Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation or, as applicable, Valuation Obligation may only be specified (or deemed specified) in the Notice of Physical Settlement or in any NOPS Amendment Notice or selected by the Issuer to form part of the related Valuation Obligations Portfolio, as applicable, if such Deliverable Obligation or, as applicable, Valuation Obligation:

- (i) is a Fully Transferable Obligation; and
- (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date,

in each case, as of both the NOPS Effective Date and the Delivery Date or, as applicable, as of the Relevant Valuation Date.

(c) Mod Mod R

If (i) "Physical Settlement" or "Cash Settlement" is specified to be the Settlement Method in the Final Terms (or is applicable as the Fallback Settlement Method), (ii) "Mod Mod R" is specified as applicable in respect of the Reference Entity and (iii) Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation or, as applicable, Valuation Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation or, as applicable, Valuation Obligation may only be specified (or deemed specified) in the Notice of Physical Settlement or in any NOPS Amendment Notice or selected by the Issuer to form part of the related Valuation Obligations Portfolio, as applicable, if it (A) is a Conditionally Transferable Obligation and (B) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date, in each case, as of both the NOPS Effective Date and the Delivery Date or, as applicable, as of the Relevant Valuation Date. Notwithstanding the foregoing, for purposes of this paragraph, in the case of a Restructured Bond or Loan with a final maturity date on or prior to the 10-year Limitation Date, the final maturity date of such Bond or Loan shall be deemed to be the earlier of such

final maturity date or the final maturity date of such Bond or Loan immediately prior to the relevant Restructuring.

If the relevant Deliverable Obligation specified in the Notice of Physical Settlement (or in any NOPS Amendment Notice, as applicable) or, as applicable, the relevant Valuation Obligation selected, is a Conditionally Transferable Obligation with respect to which consent is required to novate, assign or transfer and the requisite consent is refused (whether or not a reason is given for such refusal and, where a reason is given for such refusal, regardless of that reason), or is not received by the Physical Settlement Date or, as applicable, the Relevant Valuation Date (in which case it shall be deemed to have been refused), the Issuer shall, as soon as reasonably practicable, notify the relevant Holders of such refusal (or deemed refusal) and:

- (i) each such Holder may designate a third party (which may or may not be an Affiliate of such Holder) to take Delivery of the Deliverable Obligation on its behalf; and
- (ii) if a Holder does not designate a third party that takes Delivery on or prior to the date which is three Credit Security Business Days after the Physical Settlement Date, then the Issuer will redeem the Credit Securities for which Delivery has not occurred, by payment of the relevant Partial Cash Settlement Amount to such Holder. For the avoidance of doubt Credit Security Condition 7(b) will not apply to this paragraph.

(d) General Terms relating to Mod R and Mod Mod R

For the purposes of making a determination pursuant to "Mod R" and "Mod Mod R", final maturity date shall, subject to Credit Security Condition 11(c) (*Mod Mod R*), be determined on the basis of the terms of the Deliverable Obligation or, as applicable, Valuation Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation or, as applicable, Valuation Obligation that is due and payable, the final maturity date shall be deemed to be the date on which such determination is made.

(e) Multiple Holder Obligations

Notwithstanding anything to the contrary in the definition of "Restructuring" and related provisions, the occurrence of, agreement to, or announcement of, any of the events described in sub paragraph (a)(i) to (a)(v) (inclusive) thereof shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation, provided that any obligation that is a Bond shall be deemed to satisfy the requirements of sub-paragraph (b) of the definition of "Multiple Holder Obligation".

## 12. Miscellaneous Provisions relating to Credit Securities

(a) Determinations of the Calculation Agent

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to the Credit Security Conditions shall (in the absence of manifest error) be final and binding on the Issuer, the Guarantor (if applicable) and the Holders. Unless otherwise expressly stated, the Calculation Agent is not bound to follow or act in accordance with any determination of the relevant Credit Derivatives Determinations Committee. Whenever the Calculation Agent is required to make any determination it may, *inter alia*, decide issues of construction and legal interpretation. If the Calculation Agent chooses to rely on the determinations of the relevant Credit Derivatives Determinations Committee it may do so without liability. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Credit Securities including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and none of the Calculation Agent, the Issuer or the Guarantor (if applicable) shall,

in the absence of wilful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

(b) Reversal of DC Resolutions

If, where a calculation or determination with respect to the Credit Securities has been made by the Calculation Agent in reliance upon a DC Resolution or otherwise resulted from a DC Resolution, ISDA publicly announces that such DC Resolution has been reversed by a subsequent DC Resolution, such reversal will be taken into account for the purposes of any subsequent calculations, provided that the ISDA public announcement occurs prior to the DC Resolution Reversal Cut-off Date (or where redeemed or settled in part, save to the extent of any such redemption or settlement). The Calculation Agent, acting in a commercially reasonable manner, will make any adjustment to any future payments as are required to take account of such reversal, including (in the case of Credit Certificates and Credit Notes) any payment of additional interest or any reduction in any interest or (in the case of all Credit Securities) any other amount payable under the Credit Securities. For the avoidance of doubt, no accruals of interest shall be taken into account when calculating any such adjustment payment.

(c) Change in Standard Terms and Market Conventions

The Calculation Agent, acting reasonably, may (but shall not be obligated to) modify these Credit Security Conditions from time to time with effect from a date designated by the Calculation Agent to the extent reasonably necessary to ensure consistency with prevailing market standards or market trading conventions, which are, pursuant to the agreement of leading dealers in the credit derivatives market or any relevant ISDA committee, a market-wide protocol, any applicable law or regulation or the rules of any applicable exchange or clearing system, applicable to any Notional Credit Derivative Transaction or Hedge Transaction entered into prior to such date or terms thereof. The Calculation Agent shall notify the Issuer and the Holders as soon as reasonably practicable upon making any such determination. For the avoidance of doubt, the Calculation Agent may not, without the consent of the Issuer and the Trustee, amend, pursuant to this Credit Security Condition 12(c) any of the terms and conditions of the Credit Securities other than the Credit Security Conditions.

In particular, the Calculation Agent may make such modifications as may be necessary to ensure consistency with any successor provisions ("**Successor Provisions**") which are published by ISDA and which supersede the 2014 ISDA Credit Derivatives Definitions, for the purposes of credit derivatives transactions generally (including with respect to transactions which are entered into prior to the relevant date of publication and which are outstanding as of that date) and/or may apply and rely on determinations of the Credit Derivatives Determinations Committee made in respect of a relevant Reference Entity under any such Successor Provisions notwithstanding any discrepancy between the terms of such Successor Provisions and these Credit Security Conditions.

This Credit Security Condition 12(c) shall apply unless the Final Terms specify that "Change in Standard Terms and Market Conventions" is not applicable.

(d) Delivery of Notices

As soon as reasonably practicable after receiving a Credit Event Notice or Notice of Publicly Available Information from the Calculation Agent, the Issuer shall promptly inform, or shall procure that the Calculation Agent informs the Holders in accordance with W&C Security Condition 10 (*Notices*) or Note Condition 16 (*Notices*), as applicable, provided that any failure or delay in giving such notice to Holders shall not affect the rights of the Issuer in relation thereto. Resolutions of the Credit Derivatives Determinations Committee are, as of the date hereof, available on ISDA's website ([www.isda.org](http://www.isda.org)) (or any successor website thereto).

(e) Effectiveness of Notices

Any notice referred to in Credit Security Condition 12(d) above which is delivered on or prior to 5.00 p.m. (London time) on a London Business Day is effective on such date and if delivered after such time or on a day that is not a London Business Day, is deemed effective on the next following London Business Day.

A notice given by telephone by the Issuer or the Calculation Agent will be deemed to have been delivered at the time the telephone conversation takes place.

(f) Excess Amounts

If, on a Business Day, the Calculation Agent reasonably determines that an Excess Amount has been paid to Holders on or prior to such day, then following notification of the determination of an Excess Amount to the Issuer and Holders in accordance with W&C Security Condition 10 (*Notices*) or Note Condition 16 (*Notices*), as applicable, the Issuer may deduct any such Excess Amount from future payments in relation to the Credit Securities (whether principal or (in the case of Credit Certificates or Credit Notes) interest or may reduce the amount of any assets deliverable under the terms of such Credit Securities) to the extent that it determines, acting reasonably, to be necessary to compensate for such Excess Amount.

(g) Provisions Relating to Timing

Subject to Credit Security Condition 12(e) (*Effectiveness of Notices*) and Credit Security Condition 12(h) (*Payment Timing*), in order to determine the day on which an event occurs for purposes of the Credit Security Conditions, the demarcation of days shall be made by reference to Greenwich Mean Time (or, if the Transaction Type of the Reference Entity relates to Japan, Tokyo time), irrespective of the time zone in which such event occurred. Any event occurring at midnight shall be deemed to have occurred immediately prior to midnight.

(h) Payment Timing

Notwithstanding the "Credit Event Notice" definition and Credit Security Condition 12(g) (*Provisions Relating to Timing*), if a payment is not made by the Reference Entity on its due date or, as the case may be, on the final day of the relevant Grace Period, then such failure to make a payment shall be deemed to have occurred on such day prior to midnight Greenwich Mean Time (or, if the Transaction Type of the Reference Entity relates to Japan, Tokyo time), irrespective of the time zone of its place of payment.

(i) Business Day Convention

If the last day of any period calculated by reference to calendar days falls on a day that is not a Business Day, such last day shall be subject to adjustment in accordance with the applicable Business Day Convention; provided that if the last day of any period is the Credit Event Backstop Date or the Successor Backstop Date, such last day shall not be subject to any adjustment in accordance with any Business Day Convention.

(j) No Frustration

In the absence of other reasons, the Credit Securities will not be considered frustrated, or otherwise void or voidable (whether for mistake or otherwise) solely because:

- (i) the Reference Entity does not exist on, or ceases to exist on or following, the Trade Date; and/or
- (ii) Obligations, Deliverable Obligations or the Reference Obligation do not exist on, or cease to exist on or following, the Trade Date.

(k) Rounding

Any amount payable under these Credit Security Conditions shall be rounded downwards to the nearest sub-unit of the relevant currency.

### 13. Definitions

In these Credit Security Conditions:

**"Accelerated or Matured"** means an obligation under which the principal amount owed, whether by reason of maturity, acceleration, termination or otherwise, is due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws.

**"Additional Credit Security Disruption Event"** means any of Change in Law, Hedging Disruption, and/or Increased Cost of Hedging, in each case if specified as applying in the Final Terms.

**"Additional Obligation"** means each of the obligations listed as an Additional Obligation of the Reference Entity in the relevant "LPN Reference Obligation List" as published by Markit Group Limited, or any successor thereto, which list is currently available at <http://www.markit.com/marketing/services.php>.

**"Additional Provisions"** means any additional provisions from time to time published by ISDA for use in the over the counter credit derivatives market and specified as applicable in relation to a Reference Entity which may include:

- (a) the Additional Provisions for Physically Settled Default Swaps - Monoline Insurer as Reference Entity, as published by ISDA on 21 January 2005; or
- (b) any other provisions specified in relation to such Reference Entity.

**"Affected Entity"** has the meaning given to such term in Credit Security Condition 9(d) (*Basket Credit Securities and Tranched Credit Securities*).

**"Affiliate"** means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

**"Aggregate Credit Unwind Costs"** has the meaning given to such term in the definition of "Credit Unwind Costs".

**"Aggregate Incurred Recovery Amount"** means, in respect of Tranched Credit Securities and any date, an amount (subject to a minimum of zero) equal to (a) the aggregate of any Incurred Recovery Amounts (calculated with respect to all Reference Entities up to and including such date) minus (b) the sum of all Aggregate Credit Unwind Costs (for the avoidance of doubt, without double counting).

**"Aggregate Loss Amount"** means, in respect of Tranched Credit Securities and any date, the aggregate of all Loss Amounts calculated with respect to all Reference Entities up to and including such date.

**"Aggregate Recovery Amount"** means, in respect of Tranched Credit Securities and any date, the aggregate of all Recovery Amounts calculated with respect to all Reference Entities up to and including such date.

**"Asset"** means each obligation, equity, amount of cash, security, fee (including any "early-bird" or other consent fee), right and/or other asset, whether tangible or otherwise and whether issued, incurred, paid or provided by the Reference Entity or a third party (or any value which was realized or capable of being realized in circumstances where the right and/or other asset no longer exists).

**"Asset Market Value"** means the market value of an Asset, as the Calculation Agent shall determine by reference to an appropriate specialist valuation or in accordance with the methodology determined by the Credit Derivatives Determinations Committee.

**"Asset Package"** means, in respect of an Asset Package Credit Event, all of the Assets in the proportion received or retained by a Relevant Holder in connection with such relevant Asset Package Credit Event (which may include the Prior Deliverable Obligation or Package Observable Bond, as the case may be). If the Relevant Holder is offered a choice of Assets or a choice of combinations of Assets, the Asset Package will be the Largest Asset Package. If the Relevant Holder is offered, receives and retains nothing, the Asset Package shall be deemed to be zero.

**"Asset Package Credit Event"** means:

- (a) if "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in respect of the Reference Entity:
  - (i) a Governmental Intervention; or
  - (ii) a Restructuring in respect of the Reference Obligation, if "Restructuring" is specified as applicable in respect of the Reference Entity and such Restructuring does not constitute a Governmental Intervention; and
- (b) if the Reference Entity is a Sovereign and "Restructuring" is specified as applicable in respect of the Reference Entity, a Restructuring,

in each case, whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement.

**"Assignable Loan"** means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction or organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if the Reference Entity is guaranteeing such Loan) or any agent, and if specified as applicable to a Deliverable Obligation Category, the Assignable Loan Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Loans.

**"Attachment Point"** means, in respect of Tranching Credit Securities, the value specified as such in the Final Terms.

**"Auction"** has the meaning set forth in the Transaction Auction Settlement Terms.

**"Auction Cancellation Date"** has the meaning set forth in the Transaction Auction Settlement Terms.

**"Auction Covered Transaction"** has the meaning set forth in the Transaction Auction Settlement Terms.

**"Auction Final Price"** has the meaning set forth in the Transaction Auction Settlement Terms or the Parallel Auction Settlement Terms identified by the Issuer in the Auction Settlement Amount Notice.

**"Auction Final Price Determination Date"** has the meaning set forth in the Transaction Auction Settlement Terms.

**"Auction Settlement Amount"** means, in relation to any Reference Entity, an amount in the Settlement Currency as determined by the Calculation Agent in accordance with the formula below:

- (a) in respect of Credit Notes and Credit Certificates:

$$\text{Auction Settlement Amount} = \text{Max} (\text{PP}, \text{Max} [0, \text{Min} (A, [(A \times B) - C])])$$

- (b) in respect of Credit Warrants:

$$\text{Auction Settlement Amount} = \text{Max} (0, \text{Min} [A, [(A \times (100\% - B)) - C])])$$

Where:

"A" means the Reference Entity Notional Amount;

"B" means the relevant Auction Final Price;

"C" means the Credit Unwind Costs (unless the Final Terms specify that Credit Unwind Costs are not applicable, in which event "C" means zero); and

"PP" means the Principal Protection Level specified in the Final Terms multiplied by the Reference Entity Notional Amount.

"**Auction Settlement Amount Notice**" means a notice given by the Issuer to the Calculation Agent and the Holders in accordance with W&C Security Condition 10 (*Notices*) or Note Condition 16 (*Notices*), as applicable, on or prior to the date which is 65 Business Days following the Final List Publication Date (or, if later, the Movement Option Cut-off Date) specifying:

- (a) the Transaction Auction Settlement Terms or Parallel Auction Settlement Terms which the Issuer has elected to apply to the Credit Securities (provided that the Issuer may only elect to apply any Parallel Auction Settlement Terms (for purposes of which (i) in the case of Credit Notes or Credit Certificates, all Deliverable Obligations (as defined in respect of the Final List) on the Final List will be Permissible Deliverable Obligations, or (ii) in the case of Credit Warrants, the Permissible Deliverable Obligations are more limited than the Permissible Deliverable Obligations under the Transaction Auction Settlement Terms) in the circumstances set out in sub-paragraph (b) or (c)(ii) of the definition of "No Auction Announcement Date"); and
- (b) the Auction Settlement Amount.

"**Auction Settlement Date**" means the date that is three Business Days following delivery by the Issuer of the Auction Settlement Amount Notice to the Calculation Agent and the Holders in accordance with W&C Security Condition 10 (*Notices*) or Note Condition 16 (*Notices*), as applicable (or, (in the case of Credit Certificates or Credit Notes) if Credit Security Condition 2(b) (*Redemption following Event Determination Date*) is specified to be not applicable in the Final Terms or the Final Price is specified in the Final Terms, the date falling fifteen Credit Security Business Days following the date of the relevant DC Credit Event Announcement.

"**Bankruptcy**" means a Reference Entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective;
- (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors' rights, or a

petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition:

- (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
  - (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof;
- (e) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or
- (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in sub-paragraphs (a) to (g) (inclusive) above.

**"Basket Credit Securities"** means any of Basket Credit Certificates, Basket Credit Notes or Basket Credit Warrants, as specified in the Final Terms.

**"Bond"** means any obligation of a type included in the "Borrowed Money" Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money obligation.

**"Bond or Loan"** means any obligation that is either a Bond or a Loan.

**"Borrowed Money"** means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit).

**"Capped Reference Entity"** means, unless otherwise specified in the Final Terms, a Reference Entity having a specified Transaction Type in respect of which "60 Business Day Cap on Settlement" is expressed as applying in the Physical Settlement Matrix.

**"Cash Settlement Date"** means the date that is the number of Business Days specified in the Final Terms (or, if a number of Business Days is not specified, three Business Days) immediately following the determination of the Weighted Average Final Price (or, (in the case of Credit Certificates or Credit Notes) if Credit Security Condition 2(b) (*Redemption following Event Determination Date*) is specified not to be applicable in the Final Terms or if the Final Price is specified in the Final Terms the date falling fifteen Credit Security Business Days following the relevant DC Credit Event Announcement.

**"Change in Law"** means that, on or after the Trade Date (as specified in the Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law, solvency, regulatory or capital requirements), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority or financial authority), or the combined effect thereof if occurring more than once, the Issuer determines that:



- (a) it is unable to perform its obligations in respect of the Credit Securities or it has become illegal to hold, acquire or dispose of any relevant hedge positions in respect of the Credit Securities; or
- (b) it or any of its Affiliates would incur a materially increased cost (including, without limitation, in respect of any tax, solvency, regulatory or capital requirements) in maintaining the Credit Securities in issue or in holding, acquiring or disposing of any relevant hedge positions of the Credit Securities.

**"CoCo Supplement"** means the 2014 CoCo Supplement to the 2014 ISDA Credit Derivatives Definitions, as published by ISDA.

**"Combination Credit Certificates"** means Credit Certificates where the Issuer purchases credit protection from the Holders in respect of one or more reference entities (other than on an nth-to-default basis).

**"Combination Credit Notes"** means Credit Notes where the Issuer purchases credit protection from the Holders in respect of one or more reference entities (other than on an nth-to-default basis).

**"Combination Credit Securities"** means Combination Credit Certificates or Combination Credit Notes as specified in the Final Terms.

**"Conditionally Transferable Obligation"** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, in each case, as of both the NOPS Effective Date and the Delivery Date or, as applicable, as of the Relevant Valuation Date, provided, however, that a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor if the Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of "Conditionally Transferable Obligation".

**"Conforming Reference Obligation"** means a Reference Obligation which is a Deliverable Obligation determined in accordance with paragraph (a) of the definition of "Deliverable Obligation".

**"Consent Required Loan"** means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if the Reference Entity is guaranteeing such Loan) or any agent, and, if specified as applicable to a Deliverable Obligation Category, the Consent Required Loan Deliverable Obligation Characteristic shall be applicable only in respect of obligations within the Deliverable Obligation Category that are Loans.

**"Credit Derivatives Auction Settlement Terms"** means, in relation to any Reference Entity, the Credit Derivatives Auction Settlement Terms published by ISDA, with respect to the relevant Reference Entity, a form of which will be published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and as may be amended from time to time.

**"Credit Certificates"** means Certificates linked to the credit of a specified entity or entities.

**"Credit Derivatives Definitions"** means the 2014 ISDA Credit Derivatives Definitions, as published by ISDA, and, in addition, if Additional Provisions are specified to be applicable with respect to the Credit Securities in the Final Terms, as supplemented by the Additional Provisions.

**"Credit Derivatives Determinations Committee"** means each committee established pursuant to the Rules for purposes of reaching certain DC Resolutions in connection with credit derivative transactions in the over-the-counter market, as more fully described in the Rules.

**"Credit Event"** means the occurrence of one or more of Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium, Restructuring, Governmental Intervention as specified with respect to a Reference Entity.

If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (a) any lack or alleged lack of authority or capacity of the Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**"Credit Event Backstop Date"** means, in respect of:

- (a) Credit Notes or Credit Certificates, the date that is 60 calendar days prior to the Trade Date or, if so specified in the Final Terms, the Issue Date or such other date specified in the Final Terms; or
- (b) Credit Warrants, (i) for the purposes of any event that constitutes a Credit Event (or with respect to Repudiation/Moratorium, the event described in paragraph (b) of the definition thereof), the date that is 60 calendar days prior to the Credit Event Resolution Request Date; or (ii) otherwise, the date that is 60 calendar days prior to the earlier of (A) the Notice Delivery Date, if the Notice Delivery Date occurs during the Notice Delivery Period and (B) the Credit Event Resolution Request Date, if the Notice Delivery Date occurs during the Post Dismissal Additional Period.

The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**"Credit Event Cash Settlement Amount"** means, in relation to any Reference Entity and unless otherwise specified in the Final Terms, an amount in the Settlement Currency as determined by the Calculation Agent in accordance with the formula below:

- (a) in respect of Credit Notes and Credit Certificates:

$$\text{Credit Event Cash Settlement Amount} = \text{Max} (\text{PP}, \text{Max} [0, \text{Min} (A, [(A \times B) - C])])$$

- (b) in respect of Credit Warrants:

$$\text{Credit Event Cash Settlement Amount} = \text{Max} (0, \text{Min} [A, ([A \times (100\% - B)] - C)])$$

Where:

"A" means the Reference Entity Notional Amount;

**"B"** means the Weighted Average Final Price, or if so specified in the Final Terms, the Final Price or such other price specified therein;

**"C"** means the Credit Unwind Costs (unless the Final Terms specify that Credit Unwind Costs are not applicable, in which event "C" means zero); and

**"PP"** means the Principal Protection Level specified in the Final Terms multiplied by the Reference Entity Notional Amount.

**"Credit Event Notice"** means an irrevocable notice from the Calculation Agent (which may be in writing (including by facsimile and/or email and/or by telephone)) to the Issuer that describes a Credit Event that occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date.

Any Credit Event Notice that describes a Credit Event that occurred after the Scheduled Termination Date must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

A Credit Event Notice that describes a Credit Event other than (in the case of Credit Certificates or Credit Notes) an M(M)R Restructuring must be in respect of the full Reference Entity Notional Amount.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred, provided that where an Event Determination Date has occurred pursuant to subparagraph (b) of the definition thereof, a reference to the relevant DC Credit Event Announcement shall suffice. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective.

**"Credit Event Resolution Request Date"** means, with respect to a DC Credit Event Question, the date as publicly announced by the DC Secretary that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which the DC Credit Event Question was effective and on which the relevant Credit Derivatives Determinations Committee was in possession of Publicly Available Information with respect to such DC Credit Event Question.

**"Credit Notes"** means Notes linked to the credit of a specified Reference Entity or Reference Entities.

**"Credit Securities"** means Credit Notes, Credit Certificates and/or Credit Warrants.

**"Credit Security Business Day"** means, in respect of any Reference Entity, (a)(i) a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose with respect to such Reference Entity, and/or (ii) a TARGET Settlement Day (if "TARGET" or "TARGET Settlement Day" is specified with respect to such Reference Entity), or (b) if a place or places or such terms are not so specified, (i) if the related Reference Entity Notional Amount is denominated in the euro, a TARGET Settlement Day, or (ii) otherwise, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the principal financial city in the jurisdiction of the currency of denomination of the related Reference Entity Notional Amount. Business Days referenced in the Physical Settlement Matrix shall be deemed to be Credit Security Business Days.

**"Credit Security Dealer"** means a dealer in obligations of the type of Obligation(s) (as the case may be) for which quotations are to be obtained (as selected by the Calculation Agent) and may include the Calculation Agent or its Affiliate and a Holder or its Affiliate or as may otherwise be specified in the Final Terms.

**"Credit Security Settlement Date"** means either:

- (a) (in the case of Credit Certificates) the Scheduled Redemption Date, (in the case of Credit Notes) the Scheduled Maturity Date or (in the case of Credit Warrants) the Scheduled Expiration Date; or

- (b) where an Extension Notice in relation to a Reference Entity is delivered by the Calculation Agent to the Issuer at or prior to 11:00 a.m. (London time) on the date falling two London Business Days prior to (in the case of Credit Notes) the Scheduled Maturity Date, (in the case of Credit Certificates) the Scheduled Redemption Date or (in the case of Credit Warrants) the Scheduled Expiration Date, the date falling two Business Days after the latest to occur of the expiry of the Notice Delivery Period, the expiry of the Post Dismissal Additional Period or the latest date on which it would be possible for the Calculation Agent or the Issuer to deliver a Credit Event Notice under paragraph (b)(i)(B) or (b)(ii) of the definition of "Event Determination Date".

**"Credit Unwind Costs"** means the amount specified in the Final Terms or if "Standard Credit Unwind Costs" are specified in the Final Terms (or in the absence of such specification), an amount (such amount prior to any apportionment *pro rata*, the **"Aggregate Credit Unwind Costs"**), subject to a minimum of zero, determined by the Calculation Agent equal to the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Issuer in connection with the redemption, settlement, cancellation and/or termination of the Credit Securities (and/or the reduction (in the case of Credit Notes) the Outstanding Principal Amount or (in the case of Credit Certificates and Credit Warrants) the Outstanding Notional Amount, thereof) and the related termination, settlement or re-establishment of any Hedge Transaction, such amount to be apportioned *pro rata* amongst the outstanding (and in the case of Partly Paid Notes, paid-up) principal amount or outstanding (and, in the case of Partly Paid Certificates, paid-up) notional amount of each Credit Security.

**"Credit Warrants"** means Warrants linked to the credit of a specified entity or entities.

**"Currency Amount"** means with respect to:

- (a) a Deliverable Obligation specified in a Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, or a selected Valuation Obligation that is denominated in a currency other than the Settlement Currency, an amount converted to the Settlement Currency using a conversion rate determined by reference to the Currency Rate; and
- (b) a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, an amount converted to the Settlement Currency (or, if applicable, back into the Settlement Currency) using a conversion rate determined by reference to the Currency Rate, if any, and each Revised Currency Rate used to convert each Replaced Deliverable Obligation Outstanding Amount specified in each NOPS Amendment Notice with respect to that portion of the relevant Reference Entity Notional Amount into the currency of denomination of the relevant Replacement Deliverable Obligation.

**"Currency Rate"** means with respect to:

- (a) a Deliverable Obligation specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, or a selected Valuation Obligation, the rate of conversion between the Settlement Currency and the currency in which the Outstanding Amount of such Deliverable Obligation is denominated that is either:
- (i) determined by reference to the Currency Rate Source as at the Next Currency Fixing Time; or
- (ii) if such rate is not available at such time, as the Calculation Agent shall determine in a commercially reasonable manner; and
- (b) a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, the Revised Currency Rate.

**"Currency Rate Source"** means the mid-point rate of conversion published by WM/Reuters at 4:00 p.m. (London time), or any successor rate source approved by the relevant Credit Derivatives Determinations Committee.

**"DC Announcement Coverage Cut-off Date"** means, with respect to a DC Credit Event Announcement, the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is (in the case of Credit Notes or Credit Certificates) 21 calendar days or (in the case of Credit Warrants) fourteen calendar days following the No Auction Announcement Date, if any, as applicable.

**"DC Credit Event Announcement"** means, with respect to a Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date, provided that if the Credit Event occurred after the Scheduled Termination Date, the DC Credit Event Announcement must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

**"DC Credit Event Meeting Announcement"** means, with respect to the Reference Entity, a public announcement by the DC Secretary that a Credit Derivatives Determinations Committee will be convened to Resolve the matters described in a DC Credit Event Question.

**"DC Credit Event Question"** means a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve whether an event that constitutes a Credit Event has occurred.

**"DC Credit Event Question Dismissal"** means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in a DC Credit Event Question.

**"DC No Credit Event Announcement"** means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that is the subject of a DC Credit Event Question does not constitute a Credit Event.

**"DC Resolution"** has the meaning given to that term in the Rules.

**"DC Resolution Reversal Cut-off Date"** means the earliest to occur of the Auction Final Price Determination Date, a Valuation Date, a Physical Settlement Date, a Delivery Date, the Credit Security Settlement Date or other redemption or settlement date of the Credit Securities or the date on which instructions are given by or on behalf of the Issuer for any such redemption or settlement or any date, as determined by the Calculation Agent acting in a commercially reasonable manner, of termination, settlement, replacement or re-establishment in whole or in part of any Hedge Transaction (or entry into a binding commitment in respect of any of the foregoing) by or on behalf of the Issuer and/or any of its Affiliates (following the occurrence of an Event Determination Date or in reliance on a prior DC Resolution), as applicable.

**"DC Secretary"** has the meaning given to that term in the Rules.

**"Deemed Interest Reduction"** has the meaning given to such term in Credit Security Condition 5(d).

**"Default Requirement"** means the amount as may be specified as such in the Final Terms or, if a Transaction Type is specified, the amount specified as such in the Physical Settlement Matrix or its equivalent in the relevant Obligation Currency (or, if no such amount is specified, U.S.\$ 10,000,000 or its equivalent in the relevant Obligation Currency), in either case, as of the occurrence of the relevant Credit Event.

**"Deliver"** means:

- (a) to deliver, novate, transfer (including, in the case of a Guarantee, transfer of the benefit of the Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title (or, with respect to Deliverable Obligations where only equitable title is customarily conveyed, all equitable title) and interest in the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, to the Issuer or the Holders, as the case may be, free and clear of any and all liens, charges, claims or encumbrances (excluding any liens routinely imposed on all securities in a relevant clearance system, but including, without limitation, any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in the definition of "Credit Event") or right of set-off by or of the Reference Entity or any applicable Underlying Obligor) provided that (i) if a Deliverable Obligation is a Direct Loan Participation, "Deliver" means to create (or procure the creation of) a participation in favour of the Issuer or the Holders, as the case may be, and (ii) if a Deliverable Obligation is a Guarantee, "Deliver" means to Deliver both the Underlying Obligation and the Guarantee, provided further that if the Guarantee has a Fixed Cap, (A) "Deliver" means to Deliver the Underlying Obligation, the Guarantee and all claims to any amounts which are subject to such Fixed Cap and (B) those claims shall be deemed to be Deliverable Obligations). "**Delivery**" and "**Delivered**" will be construed accordingly.

In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time, provided further that the Issuer and each Holder agrees to comply with the provisions of any documentation (which shall include any market advisory that the relevant Credit Derivatives Determinations Committee Resolves to approve for such purpose) that the relevant Credit Derivatives Determinations Committee Resolves constitutes documentation customarily used in the relevant market for Delivery of such Loan at that time, as such documentation may be amended to the extent the relevant Credit Derivatives Determinations Committee Resolves is appropriate, which is consistent with the delivery and payment obligations of the parties hereunder. The Issuer agrees, and each Holder is deemed to further agree, that compliance by the Issuer with the provisions of any such documentation shall be required for, and, without further action, constitute, Delivery for the purposes of this definition (to the extent that such documentation contains provisions describing how Delivery should be effected) and neither the Issuer nor any Holder shall be permitted to request that any party take nor shall the Issuer or any Holder be required to take, any action or make any payment in connection with such Delivery, as applicable, unless otherwise contemplated by such documentation.

- (b) If Asset Package Delivery applies, (i) Delivery of a Prior Deliverable Obligation or a Package Observable Bond specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, may be satisfied by Delivery of the related Asset Package, and such Asset Package shall be treated as having the same currency, Outstanding Principal Balance or Due and Payable Amount, as applicable, as the Prior Deliverable Obligation or Package Observable Bond to which it corresponds had immediately prior to the Asset Package Credit Event, (ii) paragraph (a) of the definition of "Deliver" and the relevant provisions on delivery shall be deemed to apply to each Asset in the Asset Package provided that if any such Asset is not a Bond, it shall be treated as if it were a Loan for these purposes, (iii) if the Asset Package is zero, the Outstanding Amount of the Prior Deliverable Obligation or Package Observable Bond shall be deemed to have been Delivered in full three Business Days following the date on which the Issuer or Calculation Agent (on its behalf) has notified the Holders of the detailed description of the Asset Package that it intends to Deliver in accordance with the definition of "Notice of Physical Settlement", (iv) the Issuer may satisfy its obligation to make Delivery of the Prior Deliverable Obligation or Package Observable Bond in part by Delivery of each Asset in the Asset Package in the correct proportion and (v) if the relevant Asset is a Non-Transferable Instrument or Non-Financial Instrument, the Asset shall be deemed to be an amount of cash equal to the Asset Market Value.

**"Deliverable Obligation"** means:

- (a) any obligation of the relevant Reference Entity (either directly or as provider of a Relevant Guarantee) determined pursuant to the Method for Determining Deliverable Obligations;
- (b) the Reference Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Reference Entity which is a Sovereign, and unless Asset Package Delivery is applicable, any Sovereign Restructured Deliverable Obligation; and
- (d) if Asset Package Delivery is applicable, any Prior Deliverable Obligation (if "Financial Reference Entity Terms" is specified as applicable in respect of the Reference Entity) or any Package Observable Bond (if the Reference Entity is a Sovereign),

in each case, (i) unless it is an Excluded Deliverable Obligation and (ii) provided that the obligation has an Outstanding Principal Balance or Due and Payable Amount that is greater than zero (determined for purposes of paragraph (d), immediately prior to the relevant Asset Package Credit Event).

For purposes of the "Method for Determining Deliverable Obligations", the term "Deliverable Obligation" may be defined as each obligation of the Reference Entity described by the Deliverable Obligation Category specified in respect of the Reference Entity, and, subject to Credit Security Condition 8 (*Provisions relating to Obligation Category and Characteristics and Deliverable Obligation Category and Characteristics*), having each of the Deliverable Obligation Characteristics, if any, specified in respect of the Reference Entity, in each case, as of both the NOPS Effective Date and the Delivery Date (unless otherwise specified).

**"Deliverable Obligation Category"** means one of Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan as specified in relation to a Reference Entity. If any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics. No Deliverable Obligation Characteristics are applicable to Reference Obligation Only.

**"Deliverable Obligation Characteristics"** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.

**"Deliverable Obligation Provisions"** in relation to any Reference Entity, has the meaning set forth in the Credit Derivatives Auction Settlement Terms.

**"Deliverable Obligation Terms"** in relation to any Reference Entity, has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

**"Delivery Date"** means, with respect to a Deliverable Obligation or an Asset Package, the date on which such Deliverable Obligation or Asset Package is Delivered (or deemed Delivered under paragraph (b)(iii) of the definition of "Deliver").

**"Direct Loan Participation"** means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of each Holder that provides each Holder with recourse to the participation seller for a specified share in any payments due under the relevant Loan

which are received by such participation seller, any such agreement to be entered into between each Holder and either:

- (a) the Issuer or the Guarantor (as applicable) (in either case, to the extent that the Issuer or the Guarantor (as applicable), is then a lender or member of the relevant lending syndicate), or
- (b) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate).

**"Domestic Currency"** means the currency specified as such in relation to a Reference Entity and any successor currency thereto. If no currency is so specified, the Domestic Currency shall be the lawful currency and any successor currency of:

- (a) the relevant Reference Entity, if the Reference Entity is a Sovereign; or
- (b) the jurisdiction in which the relevant Reference Entity is organised, if the Reference Entity is not a Sovereign.

**"Domestic Law"** means each of the laws of (a) the Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organized, if such Reference Entity is not a Sovereign.

**"Downstream Affiliate"** means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50 per cent. owned, directly or indirectly, by the Reference Entity.

**"Due and Payable Amount"** means the amount that is due and payable by the Reference Entity under the obligation whether by reason of maturity, acceleration, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts) less all or any portion of such amount which, pursuant to the terms of the obligation (a) is subject to any Prohibited Action, or (b) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (i) payment or (ii) a Permitted Contingency), in each case, determined in accordance with the terms of the obligation in effect on either (A) the NOPS Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date) or (B) the Relevant Valuation Date, as applicable.

**"Eligible Information"** means information which is publicly available or which can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

**"Eligible Transferee"** means each of the following:

- (a) any:
  - (i) bank or other financial institution;
  - (ii) insurance or reinsurance company;
  - (iii) mutual fund, unit trust or similar collective investment vehicle (other than an entity described in sub-paragraph (c)(i) below); and
  - (iv) registered or licensed broker or dealer (other than a natural person or proprietorship),  
provided, however, in each case that such entity has total assets of at least USD 500,000,000;
- (b) an Affiliate of an entity specified in (a) above;
- (c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:



- (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralized debt obligations, commercial paper conduit or other special purpose vehicle) that (I) has total assets of at least USD 100,000,000 or (II) is one of a group of investment vehicles under common control or management having, in aggregate, total assets of at least USD 100,000,000;
- (ii) that has total assets of at least USD 500,000,000; or
- (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support, or other agreement by an entity described in paragraphs (a), (b), (c)(ii) or (d) hereof; and
- (d) any:
  - (i) Sovereign; or
  - (ii) entity or organization established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

All references in this definition to U.S.\$ or USD include equivalent amounts in other currencies, as determined by the Calculation Agent.

**"Event Determination Date"** means, in respect of any Credit Event:

- (a) subject to sub-paragraph (b) below, the Notice Delivery Date, if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, provided that neither a DC Credit Event Announcement nor a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or
- (b) save in respect of Credit Warrants and an M(M)R Restructuring Credit Event and notwithstanding sub-paragraph (a) above, if a DC Credit Event Announcement has occurred and the Credit Event Resolution Request Date has occurred on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date), either:
  - (i) the Credit Event Resolution Request Date, if either:
    - (A) (I) the Credit Event is not an M(M)R Restructuring; and
    - (II) the Trade Date occurs on or prior to a DC Announcement Coverage Cut-off Date; or
    - (B) (I) the Credit Event is an M(M)R Restructuring; and
    - (II) a Credit Event Notice is delivered by the Calculation Agent to the Issuer on or prior to the Exercise Cut-off Date; or
  - (ii) if so elected by the Calculation Agent, the first date on which a Credit Event Notice is delivered by the Calculation Agent to the Issuer during either the Notice Delivery Period or the period from and including the date of the DC Credit Event Announcement to and including the date that is (in the case of Credit Notes or Credit Certificates) fifteen Business Days or (in the case of Credit Warrants) fourteen calendar days thereafter,

provided that:

- (i) no Physical Settlement Date or Cash Settlement Date (as applicable) has occurred on or prior to the date on which the DC Credit Event Meeting Announcement occurs;
- (ii) if any Valuation Date or Delivery Date, as applicable, has occurred on or prior to the date on which the DC Credit Event Meeting Announcement occurs, an Event Determination Date shall be deemed to have occurred only with respect to the portion of the Reference Entity Notional Amount, if any, with respect to which no Valuation Date or Delivery Date, as applicable, has occurred; and
- (iii) no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered by the Calculation Agent to the Issuer:
  - (A) unless the M(M)R Restructuring specified in such Credit Event Notice is also the subject of the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date;
  - (B) unless, and to the extent that, the Exercise Amount specified in any such Credit Event Notice was less than the then outstanding Reference Entity Notional Amount; or
  - (C) unless the Notional Credit Derivative Transaction is an Auction Covered Transaction and the Deliverable Obligations set out on the Final List are identical to the Permissible Deliverable Obligations for such Notional Credit Derivative Transaction.

No Event Determination Date will occur with respect to an event, and any Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, a DC No Credit Event Announcement occurs with respect to the event that, but for such DC No Credit Event Announcement, would have constituted a Credit Event, prior to the DC Resolution Reversal Cut-off Date.

In respect of Credit Warrants and an M(M)R Restructuring Credit Event, the Calculation Agent will deliver a Credit Event Notice as soon as reasonably practicable after a DC Credit Event Announcement only if it determines that an Auction has been held or will be held in respect of Deliverable Obligations which are eligible as Valuation Obligations under the terms of the Credit Warrants. An Event Determination Date will occur in such case on the date on which such Credit Event Notice is delivered by the Calculation Agent to the Issuer, and a Notice of Publicly Available Information shall not be required.

Where the Credit Securities are Basket Credit Securities, Tranching Credit Securities or Nth-to-Default Credit Securities and an Event Determination Date occurs with respect to more than one Reference Entity on the same day, the Calculation Agent shall determine the order in which such Event Determination Dates occurred (acting in good faith and in a commercially reasonable manner).

**"Excess Amount"** means any amount paid to the Holders but which was not due on the Credit Securities, as a result of the occurrence of a DC Credit Event Announcement, Event Determination Date or Credit Event Resolution Request Date on or around the date on which the amount in question would otherwise have been required to be paid (in the case of Credit Certificates or Credit Notes which are also Tranching Credit Securities) or as a result of any Writedown Amount not having been taken into account.

**"Excluded Deliverable Obligation"** means:

- (a) any obligation of the Reference Entity specified as such or of a type described in the Final Terms;
- (b) any principal only component of a Bond from which some or all of the interest components have been stripped; and

- (c) if Asset Package Delivery is applicable, any obligation issued or incurred on or after the date of the relevant Asset Package Credit Event.

**"Excluded Obligation"** means:

- (a) any obligation of the Reference Entity specified as such or of a type described in the Final Terms;
- (b) if "Financial Reference Entity Terms" is specified as applicable in respect of the Reference Entity and the Reference Entity is a Senior Transaction, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Subordinated Obligation; and
- (c) if "Financial Reference Entity Terms" is specified as applicable in respect of the Reference Entity and the Reference Entity is a Subordinated Transaction, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Further Subordinated Obligation.

**"Exercise Amount"** has the meaning given to it in Credit Security Condition 11(a)(i).

**"Exercise Cut-off Date"** means the date that is the later of:

- (a) 65 Business Days following the Final List Publication Date;
- (b) 15 Credit Security Business Days following the Auction Final Price Determination Date, if any;
- (c) 15 Credit Security Business Days following the Auction Cancellation Date, if any; or
- (d) 15 Credit Security Business Days following the No Auction Announcement Date, if any,

or such later date as the relevant Credit Derivatives Determinations Committee Resolves.

**"Exhaustion Point"** means, in respect of Tranching Credit Securities, the value specified as such in the Final Terms.

**"Extended Physical Settlement Date"** means:

- (a) in the case of a Capped Reference Entity, the 60<sup>th</sup> Credit Security Business Day following the Physical Settlement Date, provided that if, under the terms of a Hedge Transaction, the Original Bonds or Original Loans (or Assets which form part of the Asset Package intended to be Delivered in lieu of a Prior Deliverable Obligation or Package Observable Bond (the "**Original Assets**"), or any other Deliverable Obligations in lieu thereof), may not be received by the Issuer and/or any of its Affiliates on or before the Extended Physical Settlement Date but the Issuer and/or any of its Affiliates may, in accordance with the terms of the Hedge Transaction, receive or otherwise obtain such Original Bonds or such Original Loans or other Bonds or Loans in lieu thereof or Original Assets or any other Deliverable Obligations in lieu thereof on or before the date falling three Credit Security Business Days (in a case where Original Bonds may be received or otherwise obtained after the Extended Physical Settlement Date) or ten Credit Security Business Days (in a case where Original Loans or other Loans or Bonds in lieu thereof or Original Assets or any other Deliverable Obligations in lieu thereof may be received or otherwise obtained after the Extended Physical Settlement Date) after the Extended Physical Settlement Date, such date may be further extended to a date falling up to three Credit Security Business Days or ten Credit Security Business Days, respectively, after the original Extended Physical Settlement Date, or to such earlier date as the Calculation Agent may determine; and
- (b) in the case of a Non-Capped Reference Entity, such date as the Calculation Agent may select, provided that such date falls no later than the 120<sup>th</sup> Credit Security Business Day following the Physical Settlement Date or, in the absence of such selection, such 120<sup>th</sup> Credit Security Business Day.

**"Extension Date"** means the latest of:

- (a) the Scheduled Termination Date;
- (b) the Grace Period Extension Date if:
  - (i) "Failure to Pay" and "Grace Period Extension" are specified as applicable in relation to any Reference Entity;
  - (ii) the Potential Failure to Pay with respect to the relevant Failure to Pay occurs on or prior to the Scheduled Termination Date; and
  - (iii) an Extension Notice is delivered under sub-paragraph (b) of the definition thereof;
- (c) the Repudiation/Moratorium Evaluation Date (if any) if:
  - (i) Repudiation/Moratorium is specified as applicable in relation to any Reference Entity; and
  - (ii) an Extension Notice is delivered under sub-paragraph (c) of the definition thereof.

**"Extension Notice"** means a notice from the Calculation Agent to the Issuer giving notice of the following in relation to a Reference Entity:

- (a) without prejudice to sub-paragraphs (b), (c) or (d) below, that a Credit Event has occurred or may occur on or prior to the Scheduled Termination Date; or
- (b) that a Potential Failure to Pay has occurred or may occur on or prior to the Scheduled Termination Date; or
- (c) that a Potential Repudiation/Moratorium has occurred or may occur on or prior to the Scheduled Termination Date; or
- (d) that a Credit Event Resolution Request Date has occurred or may occur on or prior to the last day of the Notice Delivery Period.

**"Failure to Pay"** means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure.

If an occurrence that would constitute a Failure to Pay (a) is a result of a redenomination that occurs as a result of action taken by a Governmental Authority which is of general application in the jurisdiction of such Governmental Authority and (b) a freely available market rate of conversion existed at the time of the redenomination, then such occurrence will be deemed not to constitute a Failure to Pay unless the redenomination itself constituted a reduction in the rate or amount of interest, principal or premium payable (as determined by reference to such freely available market rate of conversion) at the time of such redenomination.

**"Fallback Settlement Event"** means:

- (a) an Auction Cancellation Date occurs;
- (b) a No Auction Announcement Date occurs (and in circumstances where the No Auction Announcement Date occurs pursuant to sub-paragraph (b) or (c)(ii) of the definition thereof, the Issuer has not delivered an Auction Settlement Amount Notice specifying an applicable Parallel Auction Settlement Terms on or prior to the Movement Option Cut-off Date);

- (c) a DC Credit Event Question Dismissal occurs; or
- (d) an Event Determination Date has occurred pursuant to sub-paragraph (a) of the definition of "Event Determination Date", and no Credit Event Request Resolution Date has occurred within three Business Days of such Event Determination Date.

**"Fallback Settlement Method"** means Cash Settlement or Physical Settlement, as specified in the Final Terms.

**"Final List"** has the meaning given to that term in the Rules.

**"Final List Publication Date"** means, in respect of a Credit Event, the date on which the last Final List in respect of such Credit Event is published by ISDA.

**"Final Price"** means:

- (a) the price specified in the Final Terms as being the Final Price with respect to a Reference Entity; or
- (b) the price of the Reference Obligation or, as applicable, any Valuation Obligation, Deliverable Obligation or Undeliverable Obligation, expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount (or, as the case may be, the Outstanding Amount of the relevant Prior Deliverable Obligation or Package Observable Bond immediately prior to the Asset Package Credit Event), as applicable, determined in accordance with:
  - (i) (in the case of Credit Notes or Credit Certificates) the highest Quotation or (in the case of Credit Warrants) the lowest Quotation obtained by the Calculation Agent (or otherwise in accordance with the definition of "Quotation") with respect to the Relevant Valuation Date (or, in the case of a relevant Asset other than Borrowed Money and other than a Non-Transferable Instrument or Non-Financial Instrument, such other market value of the relevant Asset as may be determined by the Calculation Agent in a commercially reasonable manner); or
  - (ii) if the relevant Asset is a Non-Transferable Instrument or Non-Financial Instrument, the relevant Asset Market Value.

For the avoidance of doubt, if the Asset Package is or is deemed to be zero, the Final Price shall be zero. If the Final Price is specified in the Final Terms, the Final Price shall be the amount so specified.

**"Final Price Calculation Date"** means an Auction Final Price Determination Date or, as the case may be, the date on which the Weighted Average Final Price or (as applicable) the Final Price is determined in respect of a particular Credit Event and the relevant Reference Entity.

**"Final Settlement Date"** means the 10th Business Day following the latest to occur of the Final Price Calculation Dates in respect of the Reference Entities.

**"First Ranking Interest"** means an Interest which is expressed as being "first ranking", "first priority", or similar ("**First Ranking**") in the document creating such Interest (notwithstanding that such Interest may not be First Ranking under any insolvency laws of any relevant insolvency jurisdiction of the LPN Issuer).

**"Fixed Cap"** means, with respect to a Guarantee, a specified numerical limit or cap on the liability of the Reference Entity in respect of some or all payments due under the Underlying Obligation, provided that a Fixed Cap shall exclude a limit or cap determined by reference to a formula with one or more variable inputs (and for these purposes, the outstanding principal or other amounts payable pursuant to the Underlying Obligation shall not be considered to be variable inputs).

**"Full Quotation"** means, in accordance with (in the case of Credit Notes or Credit Certificates) the bid quotations or (in the case of Credit Warrants) the offer quotations provided by the Credit Security Dealers, each firm quotation (expressed as a percentage of the Outstanding Principal Balance or Due and Payable Amount, as applicable) obtained from a Credit Security Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation, Valuation Obligation, Deliverable Obligation or, as the case may be, Undeliverable Obligations with an Outstanding Principal Balance or Due and Payable Amount, as applicable, equal to the Quotation Amount.

**"Fully Transferable Obligation"** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required in the case of any Deliverable Obligation other than Bonds, in each case, as of both the NOPS Effective Date and the Delivery Date or, as applicable, the Relevant Valuation Date. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of "Fully Transferable Obligation".

**"Further Subordinated Obligation"** means, if the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, any obligation which is Subordinated thereto.

**"Governmental Authority"** means (i) any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof); (ii) any court, tribunal, administrative or other governmental, inter-governmental or supranational body; (iii) any authority or any other entity (private or public) either designated as a resolution authority or charged with the regulation or supervision of the financial markets (including a central bank) of the Reference Entity or some or of all of its obligations; or (iv) any other authority which is analogous to any of the entities specified in (i) to (iii).

**"Governmental Intervention"** means:

- (a) that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs as a result of action taken or an announcement made by a Governmental Authority pursuant to, or by means of, a restructuring and resolution law or regulation (or any other similar law or regulation), in each case, applicable to the Reference Entity in a form which is binding, irrespective of whether such event is expressly provided for under the terms of such Obligation:
  - (i) any event which would affect creditors' rights so as to cause:
    - (A) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
    - (B) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
    - (C) a postponement or other deferral of a date or dates for either (I) the payment or accrual of interest, or (II) the payment of principal or premium; or
    - (D) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation;
  - (ii) an expropriation, transfer or other event which mandatorily changes the beneficial holder of the Obligation;
  - (iii) a mandatory cancellation, conversion or exchange; or

- (iv) any event which has an analogous effect to any of the events specified in (a)(i) to (a)(iii) above.
- (b) For purposes of (a) above, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee.

**"Grace Period"** means:

- (a) subject to sub-paragraphs (b) and (c), the applicable grace period with respect to payments under and in accordance with the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred;
- (b) if "Grace Period Extension" is applicable in relation to the relevant Reference Entity, a Potential Failure to Pay has occurred on or prior to the Scheduled Termination Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Termination Date, the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the Final Terms or, if no period is specified, thirty calendar days; and
- (c) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is specified as applicable in relation to the relevant Reference Entity, such deemed Grace Period shall expire no later than the Scheduled Termination Date.

**"Grace Period Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation or if a place or places are not so specified, (a) if the Obligation Currency is the euro, a TARGET Settlement Day, or (b) otherwise, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the principal financial city in the jurisdiction of the Obligation Currency.

**"Grace Period Extension Date"** means, if:

- (a) "Grace Period Extension" is specified as applicable in relation to a Reference Entity; and
- (b) a Potential Failure to Pay occurs on or prior to the Scheduled Termination Date,

the date that is the number of days in the Grace Period after the date of such Potential Failure to Pay. If "Grace Period Extension" is not specified as applicable in relation to a Reference Entity, Grace Period Extension shall not apply.

**"Guarantee"** means a Relevant Guarantee or a guarantee which is the Reference Obligation.

**"Hedge Disruption Event"** means the Issuer and/or any of its Affiliates has not received the relevant Deliverable Obligations and/or cash under the terms of a Hedge Transaction.

**"Hedge Transaction"** means any transaction or trading position entered into or held by the Issuer and/or any of its Affiliates to hedge, directly or indirectly, the Issuer's obligations or positions (whether in whole or in part) in respect of the Credit Securities.

**"Hedging Disruption"** means that the Issuer, the Guarantor, if applicable, and/or any of their respective Affiliates is unable, after using commercially reasonable efforts or is no longer permitted to pursuant to its internal policies in relation to dealings with sanctioned entities or territories, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) or any futures or options contract(s) it deems necessary to hedge its exposure with respect to the Credit Securities, or (B) freely realise, recover, remit, receive,

repatriate or transfer the proceeds of any such transaction(s) or asset(s) or any futures or options contract(s) or any relevant hedge positions relating to the Credit Securities.

**"Implicit Portfolio Size"** means an amount equal to (in the case of Credit Notes) the Aggregate Nominal Amount or (in the case of Credit Certificates) the aggregate Notional Amount as at the Issue Date divided by the Tranche Size.

**"Increased Cost of Hedging"** means that the Issuer, the Guarantor (if applicable) and/or any of their respective Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer or the Guarantor, (if applicable), issuing and performing its obligations with respect to the Credit Securities, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer, the Guarantor, (if applicable) and/or any of their respective Affiliates shall not be deemed an Increased Cost of Hedging.

**"Incurred Loss Amount"** means, with respect to a Reference Entity and a Final Price Calculation Date, an amount calculated on such Final Price Calculation Date equal to the lowest of:

- (a) the Loss Amount;
- (b) the Aggregate Loss Amount (including the related Loss Amount for that Reference Entity and Final Price Calculation Date) minus the Loss Threshold Amount on such Final Price Calculation Date (following any adjustments thereto on such date), subject to a minimum of zero; and
- (c) (in the case of Credit Certificates) the Outstanding Notional Amount or (in the case of Credit Notes) the Outstanding Principal Amount (prior to any reduction thereto in respect of that Reference Entity and Final Price Calculation Date).

**"Incurred Recovery Amount"** means, with respect to a Reference Entity and a Final Price Calculation Date, an amount calculated on such Final Price Calculation Date equal to the lowest of:

- (a) the Recovery Amount;
- (b) the Aggregate Recovery Amount (including the related Recovery Amount for that Reference Entity and Final Price Calculation Date) minus the Recovery Threshold Amount on such Final Price Calculation Date (following any adjustments thereto on such date), subject to a minimum of zero; and
- (c) (in the case of Credit Certificates) the Outstanding Notional Amount or (in the case of Credit Notes) the Outstanding Principal Amount (prior to any reduction thereto in respect of that Reference Entity and Final Price Calculation Date).

**"Index Sponsor"** means, in respect of a Relevant Annex, the index sponsor (if any) specified as such in the Final Terms.

**"Interest"** means, for the purposes of the definition of "First Ranking Interest", a charge, security interest or other type of interest having similar effect.

**"Interest Shortfall Amount"** means, in respect of each Credit Security and any Interest Payment Date or the Final Settlement Date, an amount equal to the aggregate of the shortfalls in the interest paid in respect of such Credit Security on any previous Interest Payment Date as a result of a Deemed Interest Reduction as against the interest which would have been payable in respect of such Credit Security on such Interest Payment Date on the



basis of the actual Writedown Amount (if any) determined on the Final Price Calculation Date or, as the case may be, on the basis of a determination by the Calculation Agent that no Event Determination Date has subsequently occurred or could subsequently occur in respect of the relevant Reference Entity.

**"Interest Shortfall Payment Date"** means, in respect of an Interest Shortfall Amount, the first Interest Payment Date to occur after the second Business Day following the Final Price Calculation Date or the related date of determination by the Calculation Agent that no Event Determination Date has subsequently occurred or could subsequently occur in respect of the relevant Reference Entity, or, if there is no such Interest Payment Date, the Final Settlement Date

**"ISDA"** means the International Swaps and Derivatives Association, Inc. (or any successor thereto).

**"Largest Asset Package"** means, in respect of a Prior Deliverable Obligation or a Package Observable Bond, as the case may be, the package of Assets for which the greatest amount of principal has been or will be exchanged or converted (including by way of amendment), as determined by the Calculation Agent by reference to Eligible Information. If this cannot be determined, the Largest Asset Package will be the package of Assets with the highest immediately realizable value, determined by the Calculation Agent in accordance with the methodology, if any, determined by the relevant Credit Derivatives Determinations Committee.

**"Latest Maturity Restructured Bond or Loan"** means, in respect of a Reference Entity and a Credit Event that is a Restructuring, the Restructured Bond or Loan with the latest final maturity date.

**"Latest Permissible Physical Settlement Date"** means, in respect of a Potential Cash Settlement Event in respect of a Deliverable Obligation comprised of Loans where "Partial Cash Settlement of Consent Required Loans", "Partial Cash Settlement of Assignable Loans" or "Partial Cash Settlement of Participations" is specified as applicable in respect of the relevant Reference Entity, the date that is 15 Credit Security Business Days after the Physical Settlement Date, or, in respect of any other Potential Cash Settlement Event, 30 calendar days following the Physical Settlement Date.

**"Legacy Reference Entity"** has the meaning given to such term in Credit Security Condition 9(c)(ii) above.

**"Limitation Date"** means, in respect of a Credit Event that is a Restructuring, the first of March 20, June 20, September 20 or December 20 in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the **"2.5-year Limitation Date"**), 5 years, 7.5 years, 10 years (the **"10-year Limitation Date"**), 12.5 years, 15 years or 20 years, as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention.

**"Listed"** means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange and, if specified as applicable to an Obligation Category, the Listed Obligation Characteristic shall be applicable only in respect of obligations within that Obligation Category that are Bonds or, if specified as applicable to a Deliverable Obligation Category, the Listed Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Bonds.

**"Loan"** means any obligation of a type included in the Borrowed Money Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money.

**"London Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

**"Loss Amount"** means, in respect of Tranching Credit Securities, a Reference Entity and a Final Price Calculation Date, an amount calculated on that Final Price Calculation Date equal to:

- (a) 100 per cent. minus either (i) the Auction Final Price or (ii) if Cash Settlement applies, the Weighted Average Final Price (or, if so specified in the Final Terms, the Final Price or such other price specified therein) for that Reference Entity as of such Final Price Calculation Date; multiplied by
- (b) the Reference Entity Notional Amount for that Reference Entity, as at the relevant Event Determination Date,

subject to a minimum of zero.

**"Loss Threshold Amount"** means, in respect of Tranching Credit Securities, an amount equal to the Implicit Portfolio Size multiplied by the Attachment Point.

**"LPN"** means any bond issued in the form of a loan participation note.

**"LPN Issuer"** means the entity which issued the relevant LPN.

**"LPN Reference Obligation"** means each Reference Obligation other than any Additional Obligation which is issued for the sole purpose of providing funds to the LPN Issuer to finance an Underlying Loan. For the avoidance of doubt, any change to the issuer of an LPN Reference Obligation in accordance with its terms shall not prevent such LPN Reference Obligation from constituting a Reference Obligation.

**"M"** means in relation to Nth-to-Default Credit Securities where "Multiple Default Triggers" is applicable, such number as may be specified in the Final Terms.

**"Max"** means, whenever followed by a series of amounts inside brackets, whichever is the greater of the amounts separated by a comma inside those brackets.

**"Maximum Maturity"** means an obligation that has a remaining maturity of not greater than:

- (a) the period specified in relation to a Reference Entity; or
- (b) if no such period is so specified, 30 years.

**"Merger Event"** means that at any time during the period from (and including) the Trade Date to (but excluding) (in the case of Credit Certificates) the Scheduled Redemption Date, (in the case of Credit Notes) the Scheduled Maturity Date or (in the case of Credit Warrants) the Scheduled Expiration Date, a Reference Entity or any of the Issuer, (if applicable) the Guarantor and/or (except for Credit Warrants) a Holder consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, any of the Issuer, the Guarantor or (except for Credit Warrants) a Holder, as applicable, or a Reference Entity respectively, or a Reference Entity and any of the Issuer, (if applicable) the Guarantor and/or (except for Credit Warrants) a Holder become affiliates.

**"Merger Event Redemption Date"** means the date specified as such in the Final Terms.

**"Min"** means, whenever followed by a series of amounts in brackets, whichever is the lesser of the amounts separated by a comma inside those brackets.

**"Minimum Quotation Amount"** means the amount specified as such in the Final Terms (or its equivalent in the relevant Obligation Currency) or, if no such amount is specified, the lower of:

- (a) U.S.\$ 1,000,000 (or its equivalent in the relevant Obligation Currency); and
- (b) the Quotation Amount.

**"M(M)R Restructuring"** means a Restructuring Credit Event in respect of which either "Mod R" or "Mod Mod R" is specified as applicable in respect of the Reference Entity.

**"Modified Eligible Transferee"** means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

**"Modified Restructuring Maturity Limitation Date"** means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Termination Date.

Subject to the foregoing, if the Scheduled Termination Date is later than the 10-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Termination Date.

**"Movement Option Cut-off Date"** means the date that is one Relevant City Business Day following the Exercise Cut-off Date (or, if later, such other date as the relevant Credit Derivatives Determinations Committee Resolves) or such earlier date as the Issuer may designate by notice to the Calculation Agent and the Holders in accordance with W&C Security Condition 10 (*Notices*) or Note Condition 16 (*Notices*), as applicable).

**"Multiple Holder Obligation"** means an Obligation that:

- (a) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other; and
- (b) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event,

provided that any Obligation that is a Bond shall be deemed to satisfy the requirement in (b) above.

**"N"** or **"Nth"** means, in relation to a "Nth-to-Default Credit Security", such number as may be specified in the Final Terms.

**"Next Currency Fixing Time"** means 4:00 p.m. (London time) on the London Business Day immediately following the date on which the Notice of Physical Settlement or relevant NOPs Amendment Notice, as applicable, is effective or, as applicable, the date of selection of Valuation Obligations.

**"No Auction Announcement Date"** means, with respect to any Reference Entity and a Credit Event, the date on which the DC Secretary first publicly announces that:

- (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published with respect to credit derivative transactions in the over-the-counter market and the relevant Credit Event and Reference Entity;
- (b) following the occurrence of an M(M)R Restructuring, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published; or
- (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held with respect to such Reference Entity and Credit Event following a prior public announcement by the DC Secretary to the contrary, in circumstances where either:
  - (i) no Parallel Auction will be held; or
  - (ii) one or more Parallel Auctions will be held.

**"Non-Capped Reference Entity"** means a Reference Entity which is not a Capped Reference Entity.

**"Non-Conforming Reference Obligation"** means a Reference Obligation which is not a Conforming Reference Obligation.

**"Non-Conforming Substitute Reference Obligation"** means an obligation which would be a Deliverable Obligation determined in accordance with paragraph (a) of the definition of "Deliverable Obligation" on the Substitution Date but for one or more of the same reasons which resulted in the Reference Obligation constituting a Non-Conforming Reference Obligation on the date it was issued or incurred and/or immediately prior to the Substitution Event Date (as applicable).

**"Non-Standard Reference Obligation"** means the Original Non-Standard Reference Obligation or if a Substitute Reference Obligation has been determined, the Substitute Reference Obligation.

**"Non-Financial Instrument"** means any Asset which is not of the type typically traded in, or suitable for being traded in, financial markets.

**"Non-Transferable Instrument"** means any Asset which is not capable of being transferred to institutional investors, excluding due to market conditions.

**"NOPS Amendment Notice"** means a notice delivered by the Calculation Agent on behalf of the Issuer (with a copy to the Issuer), to the Holders notifying that the Calculation Agent is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, (to the extent the relevant Deliverable Obligation has not been Delivered as of the date such NOPS Amendment Notice is effective).

**"NOPS Effective Date"** means the date on which a Notice of Physical Settlement or NOPS Amendment Notice, as the case may be, is delivered by the Issuer or the Calculation Agent (on its behalf).

**"Not Bearer"** means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream, Luxembourg or any other internationally recognised clearing system and, if specified as applicable to a Deliverable Obligation Category, the Not Bearer Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Bonds.

**"Not Domestic Currency"** means any obligation that is payable in any currency other than the applicable Domestic Currency, provided that a Standard Specified Currency shall not constitute a Domestic Currency.

**"Not Domestic Issuance"** means any obligation other than an obligation that was issued (or reissued, as the case may be), or intended to be offered for sale primarily in the domestic market of the Reference Entity. Any obligation that is registered or, as a result of some other action having been taken for such purpose, is qualified for sale outside the domestic market of the Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the Reference Entity) shall be deemed not to be issued (or reissued, as the case may be), or intended to be offered for sale primarily in the domestic market of the Reference Entity.

**"Not Domestic Law"** means any obligation that is not governed by the applicable Domestic Law, provided that the laws of England and the laws of the State of New York shall not constitute a Domestic Law.

**"Not Sovereign Lender"** means any obligation that is not primarily owed to (A) a Sovereign or (B) any entity or organization established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development, which shall include, without limitation, obligations generally referred to as "Paris Club debt".

**"Not Subordinated"** means an obligation that is not Subordinated to (I) the Reference Obligation or (II) the Prior Reference Obligation, if applicable.

**"Notice Delivery Date"** means the first date on which both an effective Credit Event Notice and, unless "Notice of Publicly Available Information" is specified as not applicable, an effective Notice of Publicly Available Information, have been delivered by the Calculation Agent to the Issuer.

**"Notice Delivery Period"** means the period from and including the Trade Date to and including the date 15 Credit Security Business Days (or such other number of days as may be specified in the Final Terms) after the Extension Date (or, if the relevant Credit Event is an M(M)R Restructuring, the later of such date and the Exercise Cut-off Date).

**"Notice of Physical Settlement"** means a notice delivered by the Calculation Agent on behalf of the Issuer (with a copy to the Issuer), to the Holders on or prior to the latest of:

- (a) 65 Business Days following the Final List Publication Date;
- (b) subject to sub-paragraph (c) below, 25 Credit Security Business Days after the last to occur of the Auction Cancellation Date, the No Auction Announcement Date, the last Parallel Auction Cancellation Date and the last Parallel Notice of Physical Settlement Date (in each case if any and if applicable); and
- (c) in circumstances where the No Auction Announcement Date occurs pursuant to sub-paragraph (b) or (c)(ii) of the definition thereof, the Issuer has not delivered an Auction Settlement Amount Notice specifying an applicable Parallel Auction Settlement Terms to the Calculation Agent by the Movement Option Cut-off Date, 5 Credit Security Business Days following such Movement Option Cut-off Date;
- (d) 30 calendar days following the Event Determination Date; and
- (e) 10 calendar days following the date of the relevant DC Credit Event Announcement or of the relevant DC Credit Event Question Dismissal,

(the **"NOPS Cut-off Date"**) that:

- (i) confirms that the Issuer intends to redeem the Credit Securities by Physical Settlement in accordance with Credit Security Condition 7 (*Physical Settlement (Credit Certificates and Credit Notes only)*); and
- (ii) contains a detailed description of the Deliverable Obligations that the Issuer intends to Deliver (or procure Delivery of) to the Holders, including the Outstanding Amount and the aggregate Outstanding Amount of such Deliverable Obligations.

The Notice of Physical Settlement shall specify Deliverable Obligations having an Outstanding Amount (or the equivalent specified Currency Amount converted at the Currency Rate) on the Settlement Valuation Date at least equal to the Reference Entity Notional Amount (or, as applicable, Exercise Amount), subject to any Physical Settlement Adjustment.

The Issuer or the Calculation Agent (on its behalf) may, from time to time, deliver to the Holders in the manner specified above a NOPS Amendment Notice. A NOPS Amendment Notice shall contain a revised detailed description of each Replacement Deliverable Obligation and shall also specify the Replaced Deliverable Obligation Outstanding Amount. The Outstanding Amount of each Replacement Deliverable Obligation identified in a NOPS Amendment Notice shall be determined by applying the Revised Currency Rate to the relevant Replaced Deliverable Obligation Outstanding Amount. Each such NOPS Amendment Notice must be effective on or prior to the Physical Settlement Date (determined without reference to any change resulting from such NOPS Amendment Notice).

Notwithstanding the foregoing, (i) the Issuer or the Calculation Agent (on its behalf) may correct any errors or inconsistencies in the detailed description of each Deliverable Obligation contained in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, by notice to the Issuer (given in the manner specified

above) prior to the relevant Delivery Date, and (ii) if Asset Package Delivery is applicable, the Issuer or the Calculation Agent (on its behalf) shall, prior to the Delivery Date, notify the Holders of the detailed description of the Asset Package, if any, that it intends to Deliver to the Holders in lieu of the Prior Deliverable Obligation or Package Observable Bond, if any, specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, it being understood in each case that such notice shall not constitute a NOPS Amendment Notice.

**"Notice of Publicly Available Information"** means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer that cites Publicly Available Information confirming the occurrence of the Credit Event described in the Credit Event Notice. In relation to a Repudiation/Moratorium Credit Event, the Notice of Publicly Available Information must cite Publicly Available Information confirming the occurrence of both sub-paragraphs (a) and (b) of the definition of "Repudiation/Moratorium". The notice must contain a copy, or a description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified as applicable in respect of the Reference Entity and a Credit Event Notice contains Publicly Available Information, such Credit Event Notice will also be deemed to be a Notice of Publicly Available Information.

**"Notional Credit Derivative Transaction"** means, with respect to any Credit Security and a Reference Entity, a hypothetical market standard credit default swap transaction entered into by the Issuer, as (in the case of Credit Notes or Credit Certificates) Buyer or (in the case of Credit Warrants) Seller (each as defined in the Credit Derivatives Definitions), incorporating the terms of the Credit Derivatives Definitions and under the terms of which:

- (a) the "Trade Date" is the Trade Date, if specified in the Final Terms and if not, the Issue Date;
- (b) the "Scheduled Termination Date" is the Scheduled Termination Date;
- (c) the "Reference Entit(y)(ies)" thereunder is (are) such Reference Entit(y)(ies);
- (d) the applicable "Transaction Type", if any, is the Transaction Type for the purposes of such Credit Security; and
- (e) the remaining terms as to credit linkage are consistent with the terms of such Credit Security as it relates to such Reference Entity.

**"Nth-to-Default Credit Security"** means any Nth-to-Default Credit Certificates, Nth-to-Default Credit Warrants or Nth-to-Default Credit Notes as specified in the Final Terms.

**"Obligation"** means:

- (a) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) determined pursuant to the Method for Determining Obligations; and
- (b) the Reference Obligation,

in each case, unless it is an Excluded Obligation.

For purposes of the **"Method for Determining Obligations"**, the term "Obligation" may be defined as each obligation of the Reference Entity described by the Obligation Category specified in respect thereof and having each of the Obligation Characteristics, if any, specified in respect thereof, in each case, immediately prior to the Credit Event which is the subject of either the Credit Event Notice or the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date, as applicable.

**"Obligation Acceleration"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of,

or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

**"Obligation Category"** means Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in relation to a Reference Entity.

**"Obligation Characteristic"** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance as specified in relation to a Reference Entity.

**"Obligation Currency"** means the currency or currencies in which an Obligation is denominated.

**"Obligation Default"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default, or other similar condition or event (howsoever described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

**"Original Bonds"** means any Bonds comprising part of the relevant Deliverable Obligations.

**"Original Loans"** means any Loans comprising part of the relevant Deliverable Obligations.

**"Original Non-Standard Reference Obligation"** means the obligation of the Reference Entity (either directly or as provider of a guarantee) which is specified as the Reference Obligation in relation to the Reference Entity (if any is so specified) provided that if an obligation is not an obligation of the Reference Entity, such obligation will not constitute a valid Original Non-Standard Reference Obligation for purposes of the Reference Entity (other than for the purposes of determining the Seniority Level and for the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) unless (a) otherwise specified in the Final Terms by reference to this definition, or (b) the Reference Entity is a Reference Obligation Only Trade.

**"Outstanding Amount"** means the Outstanding Principal Balance or Due and Payable Amount, as applicable.

The **"Outstanding Principal Balance"** of an obligation will be calculated as follows:

- (i) first, by determining, in respect of the obligation, the amount of the Reference Entity's principal payment obligations and, where applicable in accordance with Credit Security Condition 8(h) (*Accrued Interest*), the Reference Entity's accrued but unpaid interest payment obligations (which, in the case of a Guarantee will be the lower of (A) the Outstanding Principal Balance (including accrued but unpaid interest, where applicable) of the Underlying Obligation (determined as if references to the Reference Entity were references to the Underlying Obligor) and (B) the amount of the Fixed Cap, if any);
- (ii) second, by subtracting all or any portion of such amount which, pursuant to the terms of the obligation, (A) is subject to any Prohibited Action, or (B) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (I) payment or (II) a Permitted Contingency) (the amount determined in paragraph (i) less any amounts subtracted in accordance with this paragraph (ii), the **"Non-Contingent Amount"**); and
- (iii) third, by determining the Quantum of the Claim, which shall then constitute the Outstanding Principal Balance,

in each case, determined:

- (A) unless otherwise specified, in accordance with the terms of the obligation in effect on either (I) the NOPS Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date), or (II) the Relevant Valuation Date, as applicable; and
- (B) with respect to the Quantum of the Claim only, in accordance with any applicable laws (insofar as such laws reduce or discount the size of the claim to reflect the original issue price or accrued value of the obligation).

**"Outstanding Notional Amount"** means in respect of any Credit Certificate or Credit Warrant, such Credit Security's *pro rata* share of the initial aggregate Notional Amount less such Credit Security's *pro rata* share of all Reference Entity Notional Amounts of Reference Entities in respect of which an Event Determination Date has occurred (or, in the case of a Credit Certificate which is also a Tranching Credit Security, such Credit Security's *pro rata* share of the initial aggregate Notional Amount less such Credit Security's *pro rata* share of all Writedown Amounts determined on or prior to the relevant date of determination) subject, in each case, to a minimum of zero.

**"Outstanding Principal Amount"** means, in respect of any Credit Notes, such Credit Security's *pro rata* share of the initial Aggregate Nominal Amount less such Credit Security's *pro rata* share of all Reference Entity Notional Amounts of Reference Entities in respect of which an Event Determination Date has occurred (or, in the case of a Credit Note which is also a Tranching Credit Security, such Credit Security's *pro rata* share of the initial Aggregate Nominal Amount less such Credit Security's *pro rata* share of all Writedown Amounts determined on or prior to the relevant date of determination) subject in each case, to a minimum of zero.

**"Package Observable Bond"** means, in respect of a Reference Entity which is a Sovereign, any obligation (a) which is identified as such and published by ISDA on its website at [www.isda.org](http://www.isda.org) from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time and (b) which fell within the definition of Deliverable Obligation set out in paragraph (a) or (b) of the definition of "Deliverable Obligation", in each case, immediately preceding the date on which the relevant Asset Package Credit Event was legally effective.

**"Parallel Auction"** means "Auction" as defined in any relevant Parallel Auction Settlement Terms.

**"Parallel Auction Cancellation Date"** means "Auction Cancellation Date" as defined in any relevant Parallel Auction Settlement Terms.

**"Parallel Auction Settlement Terms"** means, following the occurrence of an M(M)R Restructuring, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such M(M)R Restructuring, and for which the Deliverable Obligation Terms are the same as the Deliverable Obligation Provisions which would be applicable to the Notional Credit Derivative Transaction and for which the Notional Credit Derivative Transaction would not be an Auction Covered Transaction.

**"Parallel Notice of Physical Settlement Date"** means "Notice of Physical Settlement Date" as defined in the relevant Parallel Auction Settlement Terms.

**"Partial Cash Settlement Amount"** means where the applicable Settlement Method is Physical Settlement, an amount determined by the Calculation Agent equal to the aggregate, for each Undeliverable Obligation, of:

- (a) the Final Price of such Undeliverable Obligations multiplied by;
- (b) the relevant Outstanding Principal Balance, Due and Payable Amount or Currency Amount, as applicable, of such Undeliverable Obligation specified in the relevant Notice of Physical Settlement or NOPS Amendment Notice, as applicable.



**"Partial Cash Settlement Date"** means the date falling three Credit Security Business Days (unless otherwise specified in relation to a Reference Entity) after the calculation of the Final Price.

**"Payment"** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money.

**"Payment Requirement"** means the amount specified as such in the Final Terms or its equivalent in the relevant Obligation Currency (or, if no such amount is specified in the Final Terms, U.S.\$ 1,000,000 or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency), in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

**"Permissible Deliverable Obligations"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included on the Final List pursuant to the Deliverable Obligation Terms that are applicable to that Auction.

**"Permitted Contingency"** means, with respect to an obligation, any reduction to the Reference Entity's payment obligations:

- (a) as a result of the application of:
  - (i) any provisions allowing a transfer, pursuant to which another party may assume all of the payment obligations of the Reference Entity;
  - (ii) provisions implementing the Subordination of the obligation;
  - (iii) provisions allowing for a Permitted Transfer in the case of a Qualifying Guarantee (or provisions allowing for the release of the Reference Entity from its payment obligations in the case of any other Guarantee);
  - (iv) any Solvency Capital Provisions, if "Subordinated European Insurance Terms" is specified as applicable in respect of the Reference Entity; or
  - (v) provisions which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, if "Financial Reference Entity Terms" is specified as applicable in respect of the Reference Entity; or
- (b) which is within the control of the holders of the obligation or a third party acting on their behalf (such as an agent or trustee) in exercising their rights under or in respect of such obligation.

**"Permitted Transfer"** means, with respect to a Qualifying Guarantee, a transfer to and the assumption by any single transferee of such Qualifying Guarantee (including by way of cancellation and execution of a new guarantee) on the same or substantially the same terms, in circumstances where there is also a transfer of all (or substantially all) of the assets of the Reference Entity to the same single transferee.

**"Physical Settlement Adjustment"** means a reduction to the Outstanding Amount of Deliverable Obligations specified in a Notice of Physical Settlement or NOPS Amendment Notice, by an amount of Deliverable Obligations having a liquidation value equal to the Unwind Costs (only if positive) rounded upwards to the nearest whole denomination of a Deliverable Obligation, such amount to be determined by the Calculation Agent. For the avoidance of doubt, if the Final Terms specify that Unwind Costs are not applicable, the Physical Settlement Adjustment shall be zero.

**"Physical Settlement Adjustment Rounding Amount"** means an amount (if any) equal to the difference between the absolute value of the Physical Settlement Adjustment and the liquidation value of such whole

number of Deliverable Obligations as are not required to be Delivered by the Issuer by way of compensation for any Unwind Costs.

**"Physical Settlement Date"** means the last day of the longest Physical Settlement Period following the NOPS Cut-off Date as specified in relation to a Reference Entity as the Calculation Agent may designate.

**"Physical Settlement Matrix"** means the Credit Derivatives Physical Settlement Matrix Supplement to the Credit Derivatives Definitions, as most recently amended or supplemented as at the Trade Date (unless otherwise specified in relation to a Reference Entity) and as published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto), provided that any reference therein to:

- (a) "Confirmation" shall be deemed to be a reference to the Final Terms;
- (b) "Floating Rate Payer Calculation Amount" shall be deemed to be a reference to the Specified Currency;
- (c) "Section 1.32" shall be deemed to be a reference to "Credit Event Notice" as defined in this Annex 1;
- (d) "Section 1.33" shall be deemed to be a reference to Credit Security Condition 11(a) (*Multiple Credit Event Notices (Credit Notes and Credit Certificates only)*); and
- (e) "Section 8.19" shall be deemed to be a reference to "Physical Settlement Period" as defined in this Annex 1.

**"Physical Settlement Period"** means, subject to Credit Security Condition 2(e), the number of Credit Security Business Days specified as such in relation to a Reference Entity or, if a number of Credit Security Business Days is not so specified, then, with respect to a Deliverable Obligation specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, the longest number of Credit Security Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent, provided that if the Issuer or Calculation Agent (on its behalf) intends to Deliver an Asset Package in lieu of a Prior Deliverable Obligation or a Package Observable Bond, the Physical Settlement Period shall be thirty Business Days.

**"Post Dismissal Additional Period"** means the period from and including the date of the DC Credit Event Question Dismissal to and including the date that is (in the case of Credit Notes or Credit Certificates) fifteen Business Days or (in the case of Credit Warrants) fourteen calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date or, as applicable, the Issue Date)).

**"Potential Cash Settlement Event"** means an event beyond the control of the Issuer (including, without limitation, failure of the relevant clearance system; or the failure to obtain any requisite consent with respect to the Delivery of Loans or the non-receipt of any such requisite consents or any relevant participation (in the case of Direct Loan Participation) is not effected; or due to any law, regulation or court order, but excluding market conditions, or any contractual, statutory and/or regulatory restriction relating to the relevant Deliverable Obligation, or due to the failure of the Holder to give the Issuer details of accounts for settlement; or a failure of the Holder to open or procure the opening of such accounts or if the Holders are unable to accept Delivery of the portfolio of Deliverable Obligations for any other reason).

**"Potential Failure to Pay"** means the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations.

**"Potential Repudiation/Moratorium"** means the occurrence of an event described in sub-paragraph (a) of the definition of "Repudiation/Moratorium".

**"Prior Deliverable Obligation"** means:

- (a) if a Governmental Intervention has occurred (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), any obligation of the Reference Entity which (i) existed immediately prior to such Governmental Intervention, (ii) was the subject of such Governmental Intervention and (iii) fell within the definition of Deliverable Obligation set out in paragraph (a) or (b) of the definition of "Deliverable Obligation", in each case, immediately preceding the date on which such Governmental Intervention was legally effective; or
- (b) if a Restructuring which does not constitute a Governmental Intervention has occurred in respect of the Reference Obligation (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), such Reference Obligation, if any.

**"Prior Reference Obligation"** means, in circumstances where there is no Reference Obligation applicable to a Reference Entity, (I) the Reference Obligation most recently applicable thereto, if any, and otherwise, (II) the obligation specified in the Final Terms as the Reference Obligation, if any, if such Reference Obligation was redeemed on or prior to the Trade Date and otherwise, (III) any unsubordinated Borrowed Money obligation of the Reference Entity.

**"Private-side Loan"** means a Loan in respect of which the documentation governing its terms is not publicly available or capable of being made public without violating a law, agreement, understanding or other restriction regarding the confidentiality of such information.

**"Prohibited Action"** means any counterclaim, defense (other than a counterclaim or defense based on the factors set forth in paragraphs (a) to (d) of the definition of "Credit Event") or right of set-off by or of the Reference Entity or any applicable Underlying Obligor.

**"Public Source"** means each source of Publicly Available Information specified as such in the Final Terms (or, if no such source is specified, each of Bloomberg, Reuters, Dow Jones Newswires, The Wall Street Journal, The New York Times, Nihon Keizai Shimbun, Asahi Shimbun, Yomiuri Shimbun, Financial Times, La Tribune, Les Echos, The Australian Financial Review and Debtwire (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organized and any other internationally recognized published or electronically displayed news sources).

**"Publicly Available Information"** means information that reasonably confirms any of the facts relevant to the determination that the Credit Event described in a Credit Event Notice has occurred and which:

- (i) has been published in or on not less than the Specified Number of Public Sources (regardless of whether the reader or user thereof pays a fee to obtain such information);
- (ii) is information received from or published by (A) the Reference Entity (or, if the Reference Entity is a Sovereign, any agency, instrumentality, ministry, department or other authority thereof acting in a governmental capacity (including, without limiting the foregoing, the central bank) of such Sovereign), or (B) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or
- (iii) is information contained in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body,

provided that where any information of the type described in paragraphs (ii) or (iii) above is not publicly available, it can only constitute Publicly Available Information if it can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

In relation to any information of the type described in (ii) or (iii) above, the Calculation Agent, the Issuer and/or any other party receiving such information may assume that such information has been disclosed to it without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the party receiving such information.

Without limitation, Publicly Available Information need not state (i) in relation to the "Downstream Affiliate" definition, the percentage of Voting Shares owned by the Reference Entity and (ii) that the relevant occurrence (A) has met the Payment Requirement or Default Requirement, (B) is the result of exceeding any applicable Grace Period, or (C) has met the subjective criteria specified in certain Credit Events.

In relation to a Repudiation/Moratorium Credit Event, Publicly Available Information must relate to the events described in both sub-paragraphs (a) and (b) of the definition of "Repudiation/Moratorium".

**"Qualifying Affiliate Guarantee"** means a Qualifying Guarantee provided by the Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of the Reference Entity.

**"Qualifying Guarantee"** means a guarantee evidenced by a written instrument (which may include a statute or regulation), pursuant to which the Reference Entity irrevocably agrees, undertakes, or is otherwise obliged to pay all amounts of principal and interest (except for amounts which are not covered due to the existence of a Fixed Cap) due under an Underlying Obligation for which the Underlying Obligor is the obligor, by guarantee of payment and not by guarantee of collection (or, in either case, any legal arrangement which is equivalent thereto in form under the relevant governing law).

A Qualifying Guarantee shall not include any guarantee:

- (a) which is structured as a surety bond, financial guarantee insurance policy or letter of credit (or any legal arrangement which is equivalent thereto in form); or
- (b) pursuant to the terms applicable thereto, the principal payment obligations of the Reference Entity can be discharged, released, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance, in each case, other than:
  - (i) by payment;
  - (ii) by way of Permitted Transfer;
  - (iii) by operation of law;
  - (iv) due to the existence of a Fixed Cap; or
  - (v) due to:
    - (A) provisions permitting or anticipating a Governmental Intervention, if "Financial Reference Entity Terms" is specified as applicable in respect of the Reference Entity; or
    - (B) any Solvency Capital Provisions, if "Subordinated European Insurance Terms" is specified as applicable in respect of the Reference Entity.

If the guarantee or Underlying Obligation contains provisions relating to the discharge, release, reduction, assignment or other alteration of the principal payment obligations of the Reference Entity and such provisions have ceased to apply or are suspended at the time of the relevant determination, in accordance with the terms of such guarantee or Underlying Obligation, due to or following the occurrence of (I) a non-payment in respect of the guarantee or the Underlying Obligation, or (II) an event of the type described in the definition of "Bankruptcy" in respect of the Reference Entity or the Underlying Obligor, then it shall be deemed for these purposes that such cessation or suspension is permanent, notwithstanding the terms of the guarantee or Underlying Obligation.

In order for a guarantee to constitute a Qualifying Guarantee:

- (x) the benefit of such guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation; and
- (y) if a guarantee contains a Fixed Cap, all claims to any amounts which are subject to such Fixed Cap must be capable of being Delivered together with the Delivery of such guarantee.

**"Qualifying Participation Seller"** means any participation seller that meets the requirements specified in relation to a Reference Entity. If no such requirements are specified, there shall be no Qualifying Participation Seller.

**"Quantum of the Claim"** means the lowest amount of the claim which could be validly asserted against the Reference Entity in respect of the Non-Contingent Amount if the obligation had become redeemable, been accelerated, terminated or had otherwise become due and payable at the time of the relevant determination, provided that the Quantum of the Claim cannot exceed the Non-Contingent Amount.

**"Quotation"** means, in respect of any Reference Obligation, Valuation Obligation, Deliverable Obligation or Undeliverable Obligation, as the case may be, each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount, as applicable, with respect to a Valuation Date in the manner that follows:

The Calculation Agent shall attempt to obtain Full Quotations with respect to each Relevant Valuation Date from five or more Credit Security Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Credit Security Business Day within three Credit Security Business Days of a Relevant Valuation Date, then on the next following Credit Security Business Day (and, if necessary, on each Credit Security Business Day thereafter until the tenth Credit Security Business Day following the applicable Relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Credit Security Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Credit Security Business Day on or prior to the tenth Credit Security Business Day following the applicable Relevant Valuation Date the Quotations shall be deemed to be any Full Quotation obtained from a Credit Security Dealer at the Valuation Time on such tenth Credit Security Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Credit Security Dealers at the Valuation Time on such tenth Credit Security Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation shall be deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

**"Quotation Amount"** means:

- (a) with respect to a Reference Obligation, the amount specified in relation to a Reference Entity (which may be specified by reference to an amount in a currency or by reference to the Representative Amount) or, if no amount is so specified, the Reference Entity Notional Amount (or, its equivalent in the relevant

Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained);

- (b) with respect to each type or issue of Deliverable Obligation to be Delivered on or prior to the Physical Settlement Date, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency as calculated in the same manner as (a) above) of such Deliverable Obligation; and
- (c) with respect to each type or issue of Undeliverable Obligation, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency as calculated in the same manner as (a) above) of such Undeliverable Obligation.

**"Recovery Amount"** means, in respect of Tranching Credit Securities, a Reference Entity and a Final Price Calculation Date, an amount calculated on that Final Price Calculation Date equal to:

- (a) the lesser of 100 per cent. and either (i) the Auction Final Price or (ii) if Cash Settlement applies, the Weighted Average Final Price (or, if so specified in the Final Terms, the Final Price or such other price specified therein) for that Reference Entity as of such Final Price Calculation Date; multiplied by
- (b) the Reference Entity Notional Amount for that Reference Entity, as at the relevant Event Determination Date,

subject to a minimum of zero.

**"Recovery Threshold Amount"** means, in respect of Tranching Credit Securities, an amount equal to (a) the Implicit Portfolio Size multiplied by (b) 100 per cent. minus the Exhaustion Point.

**"Redemption Preliminary Amount"** means, in respect of any Tranching Credit Security and any relevant date an amount (subject to a minimum of zero) equal to:

- (a) (in the case of a Credit Certificate) the Outstanding Notional Amount or (in the case of a Credit Note) the Outstanding Principal Amount (in each case, for the avoidance of doubt, as reduced at or prior to such time); minus
- (b) its share of *pro rata* share of the Unsettled Retention Amount.

**"Redemption Residual Amount"** means, in respect of any Tranching Credit Security and any relevant date, (in the case of a Credit Certificate) its remaining Outstanding Notional Amount or (in the case of a Credit Note) its remaining Outstanding Principal Amount after deduction of the aggregate Redemption Preliminary Amounts and for the avoidance of doubt as reduced at or prior to such time.

**"Reference Entity"** or **"Reference Entities"** means the reference entity or reference entities specified in the Final Terms or, where applicable, identified in a Relevant Annex, and any Successor to a Reference Entity either:

- (a) identified by the Calculation Agent in accordance with the definition of "Successor" on or following the Trade Date or, where applicable, identified by an Index Sponsor; or
- (b) identified pursuant to a DC Resolution in respect of a Successor Resolution Request Date and publicly announced by the DC Secretary on or following the Trade Date,

shall, in each case, with effect from the Succession Date, be a Reference Entity for the Credit Securities, as the terms of which may be modified pursuant to Credit Security Condition 9 (*Successors*).

**"Reference Entity Notional Amount"** means the amount in which the Issuer has purchased (in the case of Credit Notes or Credit Certificates) or sold (in the case of Credit Warrants) credit protection in respect of one or more Reference Entities, as set out in the Final Terms (or, if no such amount is specified:

- (a) in the case of Single Reference Entity Credit Securities or Nth-to-Default Credit Securities where "Multiple Default Triggers" is not applicable, (in the case of Credit Certificates and Credit Warrants) the initial aggregate Notional Amount of such Credit Securities or (in the case of Credit Notes) the initial Aggregate Nominal Amount of such Credit Securities;
- (b) in the case of Nth-to-Default Credit Securities where "Multiple Default Triggers" is applicable, an amount equal to (i) (in the case of Credit Certificates or Credit Warrants) the initial aggregate Notional Amount or (in the case of Credit Notes) the initial Aggregate Nominal Amount, divided by (ii)  $(M+1-N)$ ;
- (c) in the case of Basket Credit Securities, if a Reference Entity weighting is specified or applies in respect of such Reference Entity, being the product of (i) such Reference Entity Weighting and (ii) (in the case of Credit Certificates or Credit Warrants) the initial aggregate Notional Amount, or (in the case of Credit Notes) the initial Aggregate Nominal Amount, of such Credit Securities or, if no such amount is specified (i) (in the case of Credit Certificates or Credit Warrants) the initial aggregate Notional Amount or (in the case of Credit Notes) the initial Aggregate Nominal Amount, of such Credit Securities, divided by (ii) the number of Reference Entities; and
- (d) in the case of Tranching Credit Securities, the Implicit Portfolio Size multiplied by the Reference Entity Weighting for the relevant Reference Entity,

subject in each case to Credit Security Conditions 9 (*Successors*) and Condition 11 (*Restructuring Credit Event*) and as adjusted by the Calculation Agent to take account of any repurchase or cancellation of Credit Securities or the issuance of any further Credit Securities.

**"Reference Entity Weighting"** means, in respect of a Reference Entity, the weighting as specified in the Final Terms for such Reference Entity.

**"Reference Obligation"** means the Standard Reference Obligation, if any, unless:

- (a) "Standard Reference Obligation" is specified as not applicable in relation to a Reference Entity, in which case the Reference Obligation will be the Non-Standard Reference Obligation, if any; or
- (b) (i) "Standard Reference Obligation" is specified as applicable in relation to a Reference Entity (or no election is specified in relation to a Reference Entity), (ii) there is no Standard Reference Obligation and (iii) a Non-Standard Reference Obligation is specified in relation to a Reference Entity, in which case the Reference Obligation will be (A) the Non-Standard Reference Obligation to but excluding the first date of publication of the Standard Reference Obligation and (B) the Standard Reference Obligation from such date onwards, provided that the Standard Reference Obligation that is published would have been eligible to be selected as a Substitute Reference Obligation.

If the Standard Reference Obligation is removed from the SRO List, such obligation shall cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) and there shall be no Reference Obligation unless and until such obligation is subsequently replaced on the SRO List, in which case, the new Standard Reference Obligation in respect of the Reference Entity shall constitute the Reference Obligation.

**"Reference Obligation Only"** means any obligation that is a Reference Obligation and no Obligation Characteristics (for purposes of determining Obligations) or, as the case may be, no Deliverable Obligation

Characteristics (for purposes of determining Deliverable Obligations) shall be applicable where Reference Obligation Only applies.

**"Reference Obligation Only Trade"** means a Reference Entity in respect of which (a) "Reference Obligation Only" is specified as the Obligation Category and the Deliverable Obligation Category and (b) "Standard Reference Obligation" is specified as not applicable. If the event set out in paragraph (i) of the definition of "Substitution Event" occurs with respect to the Reference Obligation in a Reference Obligation Only Trade, the Issuer shall redeem or cancel, as applicable, all but not some only of the Credit Securities on a date as specified by notice to the Holders in accordance with W&C Security Condition 10 (*Notices*) or Note Condition 16 (*Notices*), as applicable, on or after the Substitution Event Date, and at an amount (which may be zero) in respect of each Credit Security equal to the fair market value of such Credit Security taking into account the relevant Substitution Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements all as determined by the Calculation Agent in a commercially reasonable manner.

Notwithstanding the definition of "Substitute Reference Obligation", (i) no Substitute Reference Obligation shall be determined in respect of a Reference Obligation Only Trade and (ii) if the events set out in paragraphs (ii) or (iii) of the definition of "Substitution Event" occur with respect to the Reference Obligation in a Reference Obligation Only Trade, such Reference Obligation shall continue to be the Reference Obligation.

**"Relevant Annex"** means an annex setting out the Reference Entities for the purposes of the Credit Securities being the annex specified as such in the Final Terms.

**"Relevant City Business Day"** has the meaning given to that term in the Rules in respect of the relevant Reference Entity.

**"Relevant Guarantee"** means a Qualifying Affiliate Guarantee or, if "All Guarantees" is specified as applicable in respect of the Reference Entity, a Qualifying Guarantee.

**"Relevant Holder"** means a holder of the Prior Deliverable Obligation or Package Observable Bond, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, immediately prior to the relevant Asset Package Credit Event, equal to the Outstanding Amount specified in respect of such Prior Deliverable Obligation or Package Observable Bond in the Notice of Physical Settlement, or NOPS Amendment Notice, as applicable.

**"Relevant Obligations"** means the Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" and which are outstanding immediately prior to the Succession Date (or, if there is a Steps Plan, immediately prior to the legally effective date of the first succession), provided that:

- (i) any Bonds or Loans outstanding between the Reference Entity and any of its Affiliates, or held by the Reference Entity, shall be excluded;
- (ii) if there is a Steps Plan, the Calculation Agent shall, for purposes of the determination required to be made under the definition of "Successor", make the appropriate adjustments required to take account of any Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" that are issued, incurred, redeemed, repurchased or cancelled from and including the legally effective date of the first succession to and including the Succession Date;
- (iii) if "Financial Reference Entity Terms" is specified as applicable in respect of the Reference Entity and "Senior Transaction" is applicable in respect of the Reference Entity, the related Relevant Obligations shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan"; and



- (iv) if "Financial Reference Entity Terms" is specified as applicable in respect of the Reference Entity, and "Subordinated Transaction" is applicable in respect of the Reference Entity, the related Relevant Obligations shall exclude Senior Obligations and any Further Subordinated Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan", provided that if no such Relevant Obligations exist, "Relevant Obligations" shall have the same meaning as it would if the "Senior Transaction" were applicable in respect of the Reference Entity.

**"Relevant Valuation Date"** means the Settlement Valuation Date or Valuation Date, as the case may be.

**"Replaced Deliverable Obligation Outstanding Amount"** means the Outstanding Amount of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, that is being replaced.

**"Replacement Deliverable Obligation"** means each replacement Deliverable Obligation that the Issuer intends to, subject to Credit Security Condition 7 (*Physical Settlement (Credit Certificates and Credit Notes only)*), Deliver to the Holders in lieu of each original Deliverable Obligation which has not been Delivered as at the date of such NOPS Amendment Notice.

**"Replacement Reference Entity"** means any entity selected by the Calculation Agent acting in a commercially reasonable manner, which is incorporated in the same geographical area, has the same Transaction Type as the Legacy Reference Entity and which is of a similar or better credit quality than the Legacy Reference Entity, as measured by Standard & Poor's Ratings Services and/or by Moody's Investors Service Ltd., at the date of the relevant Succession Date provided that in selecting any Replacement Reference Entity, the Calculation Agent is under no obligation to the Holders, the Issuer or any other person and, provided that the Successor selected meets the criteria specified above, is entitled, and indeed will endeavour, to select the least credit-worthy of the Successors. In making any selection, the Calculation Agent will not be liable to account to the Holders, the Issuer or any other person for any profit or other benefit to it or any of its affiliates which may result directly or indirectly from any such selection.

**"Representative Amount"** means an amount that is representative for a single transaction in the relevant market and at the relevant time, such amount to be determined by the Calculation Agent.

**"Repudiation/Moratorium"** means the occurrence of both of the following events:

- (a) an authorised officer of the Reference Entity or a Governmental Authority:
- (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement; or
  - (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and
- (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

**"Repudiation/Moratorium Evaluation Date"** means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Termination Date:

- (a) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of:
- (i) the date that is 60 days after the date of such Potential Repudiation/Moratorium; and

- (ii) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date); and
- (b) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium.

"**Resolve**" has the meaning given to that term in the Rules, and "**Resolved**" and "**Resolves**" shall be interpreted accordingly.

"**Restructured Bond or Loan**" means an Obligation which is a Bond or Loan and in respect of which the relevant Restructuring has occurred.

"**Restructuring**" means:

- (a) that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of such Obligation or is announced (or otherwise decreed) by the Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation (including, in each case, in respect of Bonds only, by way of an exchange), and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Credit Event Backstop Date and the date as of which such Obligation is issued or incurred:
  - (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
  - (ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
  - (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest, or (B) the payment of principal or premium;
  - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
  - (v) any change in the currency of any payment of interest, principal or premium to any currency other than the lawful currency of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).
- (b) Notwithstanding the provisions of (a) above, none of the following shall constitute a Restructuring:
  - (i) the payment in euros of interest, principal or premium in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
  - (ii) the redenomination from euros into another currency, if (A) the redenomination occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority and (B) a freely available market rate of conversion between euros and such other currency existed at the time of such redenomination and there is no reduction in the rate or amount of interest,

principal or premium payable, as determined by reference to such freely available market rate of conversion;

- (iii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
  - (iv) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity, provided that in respect of (a)(v) only, no such deterioration in the creditworthiness or financial condition of the Reference Entity is required where the redenomination is from euros into another currency and occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority.
- (c) For the purposes of (a) and (b) above and Credit Security Condition 10(e), the term "Obligation" shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee. In the case of a Guarantee and an Underlying Obligation, references to the Reference Entity in (a) above shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in (b) above shall continue to refer to the Reference Entity.
- (d) If an exchange has occurred, the determination as to whether one of the events described under (a)(i) to (v) above has occurred will be based on a comparison of the terms of the Bond immediately prior to such exchange and the terms of the resulting obligations immediately following such exchange.

**"Restructuring Date"** means, with respect to a Restructured Bond or Loan, the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**"Restructuring Maturity Limitation Date"** means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Termination Date. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a **"Latest Maturity Restructured Bond or Loan"**) and the Scheduled Termination Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan.

**"Revised Currency Rate"** means, with respect to a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, the rate of conversion between the currency in which the Replaced Deliverable Obligation Outstanding Amount is denominated and the currency in which the Outstanding Amount of such Replacement Deliverable Obligation is denominated that is determined either:

- (a) by reference to the Currency Rate Source as at the Next Currency Fixing Time; or
- (b) if such rate is not available at such time, as the Calculation Agent shall determine in a commercially reasonable manner.

**"Rules"** means the Credit Derivatives Determinations Committee Rules, as published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

**"Scheduled Expiration Date"** means the date specified as such in the Final Terms which shall not be subject to adjustment in accordance with any Business Day Convention unless otherwise specified in the Final Terms.

**"Scheduled Maturity Date"** means the date specified as such in the Final Terms which shall not be subject to adjustment in accordance with any Business Day Convention unless otherwise specified in the Final Terms.

**"Scheduled Redemption Date"** means the date specified as such in the Final Terms which shall not be subject to adjustment in accordance with any Business Day Convention unless otherwise specified in the Final Terms.

**"Scheduled Termination Date"** means (in the case of Credit Certificates) the Scheduled Redemption Date, (in the case of Credit Notes) the Scheduled Maturity Date or (in the case of Credit Warrants) the Scheduled Expiration Date.

**"Senior Obligation"** means any obligation which is not Subordinated to any unsubordinated Borrowed Money obligation of the Reference Entity.

**"Senior Transaction"** means a Reference Entity for which (a) the Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (b) there is no Reference Obligation or Prior Reference Obligation.

**"Seniority Level"** means, with respect to an obligation of the Reference Entity, (a) "Senior Level" or "Subordinated Level" as specified in respect of the Reference Entity, or (b) if no such seniority level is specified in respect of the Reference Entity, "Senior Level" if the Original Non-Standard Reference Obligation is a Senior Obligation or "Subordinated Level" if the Original Non-Standard Reference Obligation is a Subordinated Obligation, failing which (c) "Senior Level".

**"Settlement Currency"** means the currency specified as such in the Final Terms, or if no currency is so specified in the Final Terms, the Specified Currency.

**"Settlement Method"** means the settlement method specified as such in the Final Terms and if no Settlement Method is specified in the Final Terms, Auction Settlement.

**"Settlement Valuation Date"** means the date being three Credit Security Business Days prior to the Delivery Date provided that if a Notice of Physical Settlement or NOPS Amendment Notice, as applicable, is given or, as the case may be, changed at any time after the third Credit Security Business Day prior to the Physical Settlement Date, the Settlement Valuation Date shall be the date which is three Credit Security Business Days after such Notice of Physical Settlement or NOPS Amendment Notice, as applicable, is given.

**"Single Reference Entity Credit Security"** means any Single Reference Entity Credit Certificate, Single Reference Entity Credit Note and/or Single Reference Entity Credit Warrant, as the case may be and as specified in the Final Terms.

**"Solvency Capital Provisions"** means any terms in an obligation which permit the Reference Entity's payment obligations thereunder to be deferred, suspended, cancelled, converted, reduced or otherwise varied and which are necessary in order for the obligation to constitute capital resources of a particular tier.

**"Sovereign"** means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority acting in a governmental capacity (including, without limiting the foregoing, the central bank) thereof.

**"Sovereign No Asset Package Delivery Supplement"** means the 2014 Sovereign No Asset Package Delivery Supplement to the 2014 ISDA Credit Derivatives Definitions, as published by ISDA.

**"Sovereign Restructured Deliverable Obligation"** means an Obligation of a Reference Entity which is a Sovereign (either directly or as provider of a Relevant Guarantee) (a) in respect of which a Restructuring that is the subject of the Credit Event Notice or DC Credit Event Announcement has occurred and (b) which fell within the definition of a Deliverable Obligation set out in paragraph (a) of the definition of "Deliverable Obligation"

immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**"Sovereign Succession Event"** means, with respect to a Reference Entity that is a Sovereign, an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other similar event.

**"Specified Currency"** means an obligation that is payable in the currency or currencies specified as such in respect of the Reference Entity (or, if "Specified Currency" is specified in respect of the Reference Entity and no currency is so specified, any Standard Specified Currency), provided that if the euro is a Specified Currency, "Specified Currency" shall also include an obligation that was previously payable in the euro, regardless of any redenomination thereafter if such redenomination occurred as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority.

**"Specified Number"** means the number of Public Sources specified in respect of the Reference Entity (or, if no such number is specified, two).

**"SRO List"** means the list of Standard Reference Obligations as published by ISDA on its website at [www.isda.org](http://www.isda.org) from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time.

**"Standard Reference Obligation"** means the obligation of the Reference Entity with the relevant Seniority Level which is specified from time to time on the SRO List.

**"Standard Specified Currencies"** means each of the lawful currencies of Canada, Japan, Switzerland, France, Germany, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

**"Steps Plan"** means a plan evidenced by Eligible Information contemplating that there will be a series of successions to some or all of the Relevant Obligations of the Reference Entity, by one or more entities.

**"Subordinated Obligation"** means any obligation which is Subordinated to any unsubordinated Borrowed Money obligation of the Reference Entity or which would be so Subordinated if any unsubordinated Borrowed Money obligation of the Reference Entity existed.

**"Subordinated Transaction"** means a Reference Entity for which the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation.

**"Subordination"** means, with respect to an obligation (the **"Second Obligation"**) and another obligation of the Reference Entity to which such obligation is being compared (the **"First Obligation"**), a contractual, trust or similar arrangement providing that (I) upon the liquidation, dissolution, reorganization or winding-up of the Reference Entity, claims of the holders of the First Obligation are required to be satisfied prior to the claims of the holders of the Second Obligation, or (II) the holders of the Second Obligation will not be entitled to receive or retain principal payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the First Obligation. **"Subordinated"** will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, (x) the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement or security arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign and (y) in the case of the Reference Obligation or the Prior Reference Obligation, as applicable, the ranking in priority of payment shall be determined as of the date as of which it was issued or incurred (or in circumstances where the Reference

Obligation or a Prior Reference Obligation is the Standard Reference Obligation and "Standard Reference Obligation" is applicable, then the priority of payment of the Reference Obligation or the Prior Reference Obligation, as applicable, shall be determined as of the date of selection) and, in each case, shall not reflect any change to such ranking in priority of payment after such date.

**"Substitute Reference Obligation"** means, with respect to a Non-Standard Reference Obligation to which a Substitution Event has occurred, the obligation that will replace the Non-Standard Reference Obligation, determined by the Calculation Agent as follows:

- (a) The Calculation Agent shall identify the Substitute Reference Obligation in accordance with paragraphs (c), (d) and (e) below to replace the Non-Standard Reference Obligation; provided that the Calculation Agent will not identify an obligation as the Substitute Reference Obligation if, at the time of the determination, such obligation has already been rejected as the Substitute Reference Obligation by the relevant Credit Derivatives Determinations Committee and such obligation has not changed materially since the date of the relevant DC Resolution.
- (b) If any of the events set forth under paragraphs (i) or (iii) of the definition of "Substitution Event" have occurred with respect to the Non-Standard Reference Obligation, the Non-Standard Reference Obligation will cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic and paragraph (c)(ii) below). If the event set forth in paragraph (ii) of the definition of "Substitution Event" has occurred with respect to the Non-Standard Reference Obligation and no Substitute Reference Obligation is available, the Non-Standard Reference Obligation will continue to be the Reference Obligation until the Substitute Reference Obligation is identified or, if earlier, until any of the events set forth under paragraphs (i) or (iii) of the definition of "Substitution Event" occur with respect to such Non-Standard Reference Obligation.
- (c) The Substitute Reference Obligation shall be an obligation that on the Substitution Date:
  - (i) is a Borrowed Money obligation of the Reference Entity (either directly or as provider of a guarantee);
  - (ii) satisfies the Not Subordinated Deliverable Obligation Characteristic as of the date it was issued or incurred (without reflecting any change to the priority of payment after such date) and on the Substitution Date; and
  - (iii)
    - (A) if the Non-Standard Reference Obligation was a Conforming Reference Obligation when issued or incurred and immediately prior to the Substitution Event Date:
      - (I) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of "Deliverable Obligation"; or if no such obligation is available,
      - (II) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of "Deliverable Obligation";
    - (A) if the Non-Standard Reference Obligation was a Bond (or any other Borrowed Money obligation other than a Loan) which was a Non-Conforming Reference Obligation when issued or incurred and/or immediately prior to the Substitution Event Date:
      - (I) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,

- (II) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of "Deliverable Obligation"; or if no such obligation is available,
  - (III) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,
  - (IV) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of "Deliverable Obligation"; or
- (B) if the Non-Standard Reference Obligation was a Loan which was a Non- Conforming Reference Obligation when incurred and/or immediately prior to the Substitution Event Date:
  - (I) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,
  - (II) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,
  - (III) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of "Deliverable Obligation"; or if no such obligation is available,
  - (IV) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of "Deliverable Obligation".
- (d) If more than one potential Substitute Reference Obligation is identified pursuant to the process described in paragraph (c), the Substitute Reference Obligation will be the potential Substitute Reference Obligation that most closely preserves the economic equivalent of the delivery and payment obligations of the Credit Securities, as determined by the Calculation Agent. The Substitute Reference Obligation determined by the Calculation Agent shall, without further action, replace the Non-Standard Reference Obligation.
- (e) If a Substitution Event has occurred with respect to the Non-Standard Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for the Non-Standard Reference Obligation, then, subject to paragraph (a) and notwithstanding the fact that the Non-Standard Reference Obligation may have ceased to be the Reference Obligation in accordance with paragraph (b), the Calculation Agent shall continue to attempt to identify the Substitute Reference Obligation.

**"Substitution Date"** means, with respect to a Substitute Reference Obligation, the date on which the Calculation Agent identifies the Substitute Reference Obligation in accordance with the definition of "Substitute Reference Obligation".

**"Substitution Event"** means, with respect to the Non-Standard Reference Obligation:

- (i) the Non-Standard Reference Obligation is redeemed in whole;
- (ii) the aggregate amounts due under the Non-Standard Reference Obligation have been reduced by redemption or otherwise below USD 10,000,000 (or its equivalent in the relevant Obligation Currency, as determined by the Calculation Agent); or

- (iii) for any reason, other than due to the existence or occurrence of a Credit Event, the Non-Standard Reference Obligation is no longer an obligation of the Reference Entity (either directly or as provider of a guarantee).

For purposes of identification of the Non-Standard Reference Obligation, any change in the Non-Standard Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, constitute a Substitution Event.

If an event described in paragraphs (i) or (ii) of the definition of "Substitution Event" has occurred on or prior to the Trade Date, then a Substitution Event shall be deemed to have occurred pursuant to such paragraph (i) or (ii), as the case may be, on the Trade Date.

**"Substitution Event Date"** means, with respect to the Reference Obligation, the date of the occurrence of the relevant Substitution Event.

**"succeed"** for the purposes of the provisions relating to the determination of a Successor and the definitions of "Successor" and "Sovereign Succession Event", means, with respect to the Reference Entity and its Relevant Obligations, that an entity other than the Reference Entity (i) assumes or becomes liable for such Relevant Obligations whether by operation of law or pursuant to any agreement (including, with respect to a Reference Entity that is a Sovereign, any protocol, treaty, convention, accord, concord, entente, pact or other agreement), or (ii) issues Bonds or incurs Loans (the **"Exchange Bonds or Loans"**) that are exchanged for Relevant Obligations, and in either case the Reference Entity is not thereafter a direct obligor or a provider of a Relevant Guarantee with respect to such Relevant Obligations or such Exchange Bonds or Loans, as applicable. For purposes of the provisions relating to the determination of a Successor and the definitions of "Successor" and "Sovereign Succession Event", **"succeeded"** and **"succession"** shall be construed accordingly.

**"Succession Date"** means the legally effective date of an event in which one or more entities succeed to some or all of the Relevant Obligations of the Reference Entity; provided that if at such time, there is a Steps Plan, the Succession Date will be the legally effective date of the final succession in respect of such Steps Plan, or if earlier (i) the date on which a determination pursuant to the definition of "Successor" would not be affected by any further related successions in respect of such Steps Plan, or (ii) the occurrence of an Event Determination Date in respect of the Reference Entity or any entity which would constitute a Successor.

**"Successor"** means, subject to Credit Security Condition 9(a)(ii), the entity or entities, if any, determined as follows:

- (i) subject to paragraph (vii) below, if one entity succeeds, either directly or as a provider of a Relevant Guarantee, to seventy-five per cent or more of the Relevant Obligations of the Reference Entity, that entity will be the sole Successor in respect of the relevant Reference Entity;
- (ii) if only one entity succeeds, either directly or as a provider of a Relevant Guarantee, to more than twenty-five per cent (but less than seventy-five per cent) of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent of the Relevant Obligations will be the sole Successor in respect of the relevant Reference Entity;
- (iii) if more than one entity each succeeds, either directly or as a provider of a Relevant Guarantee, to more than twenty-five per cent of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent of the Relevant Obligations will each be a Successor;



- (iv) if one or more entities each succeeds, either directly or as a provider of a Relevant Guarantee, to more than twenty-five per cent of the Relevant Obligations of the Reference Entity, and more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor;
- (v) if one or more entities succeed, either directly or as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of such succession;
- (vi) if one or more entities succeed, either directly or as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations will be the Successor (provided that if two or more entities succeed to an equal percentage of Relevant Obligations, each such entity will be a Successor); and
- (vii) in respect of a Reference Entity which is not a Sovereign, if one entity assumes all of the obligations (including at least one Relevant Obligation) of the Reference Entity, and at the time of the determination either (A) the Reference Entity has ceased to exist, or (B) the Reference Entity is in the process of being dissolved (howsoever described) and the Reference Entity has not issued or incurred any Borrowed Money obligation at any time since the legally effective date of the assumption, such entity (the "**Universal Successor**") will be the sole Successor for the relevant Reference Entity.

**"Successor Backstop Date"** means for purposes of any Successor determination determined by DC Resolution, the date that is ninety calendar days prior to the Successor Resolution Request Date otherwise, the date that is ninety calendar days prior to the earlier of (i) the date on which the Calculation Agent determines a succession (or, in relation to a Reference Entity that is a Sovereign, a Sovereign Succession Event) has occurred and (ii) the Successor Resolution Request Date, in circumstances where (A) a Successor Resolution Request Date has occurred, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination and (C) the Calculation Agent determines, not more than fifteen Credit Security Business Days after the day on which the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination, a succession (or, in relation to a Reference Entity that is a Sovereign, a Sovereign Succession Event) has occurred. The Successor Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**"Successor Resolution Request Date"** means, with respect to a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve one or more Successors to the Reference Entity, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

**"Surviving Reference Entity"** has the meaning given to such term in Credit Security Condition 9(c)(ii) above.

**"TARGET Settlement Day"** means any day on which TARGET2 (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open.

**"Trade Date"** means the date specified as such in the Final Terms.

**"Tranche Size"** means, in respect of Tranching Credit Securities, the Exhaustion Point minus the Attachment Point.

**"Tranched Credit Securities"** means Tranched Credit Certificates and/or Tranched Credit Notes, as the case may be as specified in the Final Terms.

**"Transaction Auction Settlement Terms"** means, in respect of any Reference Entity and a related Credit Event, the Credit Derivatives Auction Settlement Terms published by ISDA in respect of such Credit Event and in respect of which the Notional Credit Derivative Transaction would be an Auction Covered Transaction.

**"Transaction Type"** means, unless otherwise specified in the Final Terms, each "Transaction Type" specified as such in the Physical Settlement Matrix from time to time.

**"Transferable"** means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, provided that none of the following shall be considered contractual, statutory or regulatory restrictions:

- (a) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation);
- (b) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds; or
- (c) restrictions in respect of blocked periods on or around payment dates or voting periods.

**"Undeliverable Obligation"** means a Deliverable Obligation included in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, which, on the Settlement Date for such Deliverable Obligation, the Calculation Agent determines for any reason (including without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the Delivery of Loans) it is impossible or illegal to Deliver on the Settlement Date.

**"Underlying Finance Instrument"** means where the LPN Issuer provides finance to the Reference Entity by way of a deposit, loan or other Borrowed Money instrument.

**"Underlying Loan"** means where the LPN Issuer provides a loan to the Reference Entity.

**"Underlying Obligation"** means, with respect to a guarantee, the obligation which is the subject of the guarantee.

**"Underlying Obligor"** means with respect to an Underlying Obligation, the issuer in the case of a Bond, the borrower in the case of a Loan, or the principal obligor in the case of any other Underlying Obligation.

**"Unsettled Credit Event"** means any Event Determination Date in respect of a Reference Entity for which the Final Price Calculation Date has not occurred.

**"Unsettled Retention Amount"** means, in respect of Tranched Credit Securities in respect of which one or more Unsettled Credit Events has occurred, the sum of the maximum aggregate Incurred Loss Amounts and maximum Aggregate Incurred Recovery Amounts which could be determined (assuming an Auction Final Price, Weighted Average Final Price or Final Price of zero in respect of each Unsettled Credit Event).

**"Valuation Date"** means:

- (a) any Credit Security Business Day falling between the 55<sup>th</sup> and the 122<sup>nd</sup> Credit Security Business Day following the Event Determination Date (or, if the Event Determination Date occurs pursuant to subparagraph (b) above of the definition of "Event Determination Date", the day on which the DC Credit Event Announcement occurs, if later), or, following any Auction Cancellation Date or No Auction

Announcement Date, such later Credit Security Business Day, (in each case, as selected by the Calculation Agent acting in its sole and absolute discretion); or

- (b) if "Cash Settlement" is applicable as a Fallback Settlement Method, any Credit Security Business Day falling between the 55<sup>th</sup> and the 122<sup>nd</sup> Credit Security Business Day following the Event Determination Date, or, following any Auction Cancellation Date or No Auction Announcement Date, such later Credit Security Business Day, (in each case, as selected by the Calculation Agent acting in its sole and absolute discretion)); or
- (c) if Partial Cash Settlement applies, the date which is up to fifteen Credit Security Business Days after the Latest Permissible Physical Settlement Date or, as applicable the Extended Physical Settlement Date (as selected by the Calculation Agent acting in its sole and absolute discretion).

**"Valuation Obligation"** means, in respect of a Reference Entity, notwithstanding anything to the contrary in the Credit Security Conditions, one or more obligations of such Reference Entity (either directly or as provider of a Relevant Guarantee) which is capable of being specified in a Notice of Physical Settlement (or in any NOPS Amendment Notice, as applicable) if Physical Settlement were the applicable Settlement Method and/or any Asset in the related Asset Package in respect of a Prior Deliverable Obligation or Package Observable Bond, in each case, as selected by the Issuer in its sole and absolute discretion on or prior to the applicable Valuation Date, provided that, for such purpose:

- (a) any reference to "Delivery Date" or "NOPS Effective Date" in the definitions of "Conditionally Transferable Obligation", "Deliverable Obligation", within any of the terms comprising "Deliverable Obligation Category" or "Deliverable Obligation Characteristic" and "Due and Payable Amount" shall be deemed to be a reference to the words "Relevant Valuation Date"; and
- (b) in respect of any Asset in the related Asset Package in respect of a Prior Deliverable Obligation or Package Observable Bond, any reference to "Outstanding Principal Balance", "Due and Payable Amount" or "Outstanding Amount" in the definitions of "Final Price", "Full Quotation", "Quotation", "Quotation Amount" and "Weighted Average Quotation" shall be deemed to be a reference to the words "Outstanding Amount of the relevant Prior Deliverable Obligation or Package Observable Bond immediately prior to the Asset Package Credit Event".

For the avoidance of doubt, the use of Deliverable Obligation Terms in the definition of "Valuation Obligation" is for convenience only and is not intended to amend the selected settlement method.

**"Valuation Obligations Portfolio"** means one or more Valuation Obligations of a Reference Entity selected by the Calculation Agent in its discretion, each in an Outstanding Amount (or, as the case may be, an Outstanding Amount of the relevant Prior Deliverable Obligation or Package Observable Bond immediately prior to the Asset Package Credit Event) selected by the Calculation Agent acting in its sole and absolute discretion (and references to "Quotation Amount" shall be construed accordingly), provided that the aggregate of such Outstanding Amounts (or in each case the equivalent in the Specified Currency thereof (converted at the foreign exchange rate prevailing on any date from (and including) the Event Determination Date to (and including) the Valuation Date, as selected by the Calculation Agent acting in its sole and absolute discretion)), shall not exceed the relevant Reference Entity Notional Amount.

**"Valuation Time"** means the time specified in relation to a Reference Entity or, if no such time is specified, 11:00 a.m. in the principal trading market for the relevant Valuation Obligation or Undeliverable Obligation, as the case may be.

**"Voting Shares"** means the shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

**"Weighted Average Final Price"** means the weighted average of the Final Prices determined for each selected Valuation Obligation in the Valuation Obligations Portfolio, weighted by the Currency Amount of each such Valuation Obligation (or its equivalent in the Settlement Currency converted by the Calculation Agent acting in a commercially reasonable manner by reference to exchange rates in effect at the time of such determination). If Credit Security Condition 2(b) (*Redemption or Settlement following Event Determination Date*) is specified not to be applicable in the Final Terms, the Weighted Average Final Price shall be zero and if the Final Price is specified in the Final Terms, such price shall be the Weighted Average Final Price.

**"Weighted Average Quotation"** means, in accordance with (in the case of Credit Notes and Credit Certificates) the bid quotations or (in the case of Credit Warrants) the offer quotations provided by the Credit Security Dealers, the weighted average of firm quotations obtained from the Credit Security Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation, Valuation Obligation, Deliverable Obligation or Undeliverable Obligation, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable (or its equivalent in the relevant currency converted by the Calculation Agent acting in a commercially reasonable manner by reference to exchange rates in effect at the time of such determination), of as large a size as available but less than the Quotation Amount (in the case of Deliverable Obligations only, but of a size at least equal to the Minimum Quotation Amount) that in the aggregate are approximately equal to the Quotation Amount.

**"Writedown Amount"** means, in respect of an Event Determination Date relating to a Reference Entity, the aggregate of the Incurred Loss Amounts (if any) and Incurred Recovery Amounts (if any) for the Final Price Calculation Date and any related Aggregate Credit Unwind Costs.

#### **14. Amendments to Note Conditions and W&C Security Conditions**

##### **14.1 Amendments to Note Conditions**

The Terms and Conditions of the Notes are amended as follows:

- (a) In Condition 3.11 (Interest Payments), the second sentence thereof shall be deleted and replaced with the following:

"If such Note is redeemed early (i) if the Final Terms specify that Accrual to Redemption is applicable, interest will cease to accrue on the due date for redemption or (ii) if the Final Terms specify that Accrual to Redemption is not applicable, no interest shall accrue or be payable in respect of which the relevant Interest Payment Date has not occurred on or prior to the due date for redemption of such Note (or if the Final Terms specify that Accrual to Preceding IPED is applicable, interest will cease to accrue from and including the Interest Period End Date immediately preceding (A) the date on which notice is given for the early redemption of such Note or (B) if there is no such notice, the due date for early redemption of such Note).".

- (b) Condition 5.1 (Final Redemption) shall be amended by adding the following immediately before the end thereof:

"Notwithstanding the above, unless previously redeemed or purchased and cancelled as provided below, each Credit Security will be redeemed in accordance with the Credit Security Conditions and the Final Terms.".

##### **14.2 Amendments to W&C Security Conditions**

The Terms and Conditions of the W&C Securities are amended as follows:

- (a) In Condition 31(f) (Accrual of Interest), the second sentence thereof shall be deleted and replaced with the following:

"If such Certificate is redeemed early, (i) if the Final Terms specify that Accrual to Redemption is applicable, interest will cease to accrue on the due date for redemption or (ii) if the Final Terms specify that Accrual to Redemption is not applicable, no interest shall accrue or be payable in respect of which the relevant payment date has not occurred on or prior to the due date for redemption of such Certificate (or if the Final Terms specify that Accrual to Preceding IPED is applicable, interest will cease to accrue from and including the Interest Period End Date immediately preceding (A) the date on which notice is given for the early redemption of such Certificate or (B) if there is no such notice, the due date for early redemption of such Certificate), unless in either case payment of principal and/or delivery of all assets deliverable is improperly withheld or refused."

## ANNEX A TO THE ADDITIONAL TERMS AND CONDITIONS FOR CREDIT SECURITIES

### AUCTION SETTLEMENT

Capitalized terms used but not defined in this summary have the meaning specified in the Rules and the Form of Auction Settlement Terms (as defined below or in Annex B to the Additional Terms and Conditions for Credit Securities). All times of day in this summary refer to such times in London.

#### Publication of Credit Derivatives Auction Settlement Terms

A Credit Derivatives Determinations Committee may determine that a Credit Event has occurred in respect of a Reference Entity (such entity, an "**Affected Reference Entity**") and that one or more auctions will be held in order to settle affected transactions referencing such Affected Reference Entity based upon a specified Auction Final Price determined in accordance with an auction procedure (each, an "**Auction**"). If an Auction is to be held, the Credit Derivatives Determinations Committee will publish Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity, based upon the Form of Auction Settlement Terms first published as Annex B to the 2009 ISDA Credit Derivatives Determinations Committees and Auction Settlement Supplement to the 2003 ISDA Credit Derivatives Definitions, published by the International Swaps and Derivatives Association, Inc. ("ISDA") on 12 March 2009 (the "**Form of Auction Settlement Terms**"). Holders should note that the Credit Derivatives Determinations Committees have the power to amend the form of Credit Derivatives Auction Settlement Terms for a particular auction and that this summary may therefore not be accurate in all cases. The following does not purport to be a complete summary and prospective investors must refer to the Form of Auction Settlement Terms for detailed information regarding the auction methodology set forth therein (the "**Auction Methodology**"). The Auction and the Auction Methodology apply to credit default swaps on the Reference Entity and do not apply specifically to the Credit Securities. A copy of the Form of Auction Settlement Terms may be inspected at the offices of the Issuer and is also currently available at [www.isda.org](http://www.isda.org) (or any successor website thereto). The Credit Derivatives Determinations Committee will additionally make several related determinations, including the date on which the Auction will be held (the "**Auction Date**"), the institutions that will act as participating bidders in the Auction (the "**Participating Bidders**") and the supplemental terms that are detailed in Schedule 1 to the Form of Auction Settlement Terms. The Credit Derivatives Determinations Committee may also amend the Form of Auction Settlement Terms for a particular auction and may determine that a public comment period is necessary in order to effect such an amendment if such amendment is not contemplated by the Rules.

#### Auction Methodology

##### *Determining the Auction Currency Rate*

On the Auction Currency Fixing Date, the Administrators will determine the rate of conversion (each, an "Auction Currency Rate") as between the Relevant Currency and the currency of denomination of each Deliverable Obligation (each, a "Relevant Pairing") by reference to a Currency Rate Source or, if such Currency Rate Source is unavailable, by seeking mid-market rates of conversion from Participating Bidders (determined by each such Participating Bidder in a commercially reasonable manner) for each such Relevant Pairing. If rates of conversion are sought from Participating Bidders and more than three such rates are obtained by the Administrators, the Auction Currency Rate will be the arithmetic mean of such rates, without regard to the rates having the highest and lowest values. If exactly three rates are obtained, the Auction Currency Rate will be the rate remaining after disregarding the rates having the highest and lowest values. For this purpose, if more than one rate has the same highest or lowest value, then one of such rates shall be disregarded. If fewer than three rates are obtained, it will be deemed that the Auction Currency Rate cannot be determined for such Relevant Pairing.

### *Initial Bidding Period*

During the Initial Bidding Period, Participating Bidders will submit to the Administrators: (a) Initial Market Bids; (b) Initial Market Offers; (c) Dealer Physical Settlement Requests; and (d) Customer Physical Settlement Requests (to the extent received from customers).

Initial Market Bids and Initial Market Offers are firm quotations, expressed as percentages, to enter into credit derivative transactions in respect of the Affected Reference Entity on terms equivalent to the Representative Auction-Settled Transaction.

The Initial Market Bid and Initial Market Offer submitted by each Participating Bidder must differ by no more than the designated Maximum Initial Market Bid-Offer Spread and must be an integral multiple of the Relevant Pricing Increment (each as determined by the Credit Derivatives Determinations Committee and specified in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity). The Initial Market Bid must be less than the Initial Market Offer.

Dealer Physical Settlement Requests and Customer Physical Settlement Requests are firm commitments, submitted by a Participating Bidder, on its own behalf or on behalf of a customer, as applicable, to enter into a Representative Auction-Settled Transaction, in each case, as seller (in which case, such commitment will be a "Physical Settlement Buy Request") or as buyer (in which case, such commitment will be a "Physical Settlement Sell Request"). Each Dealer Physical Settlement Request must be, to the best of such Participating Bidder's knowledge and belief, in the same direction as, and not in excess of, its Market Position. Each Customer Physical Settlement Request must be, to the best of the relevant customer's knowledge and belief (aggregated with all Customer Physical Settlement Requests submitted by such customer), in the same direction as, and not in excess of, its Market Position.

If the Administrators do not receive valid Initial Market Bids and Initial Market Offers from at least a minimum number of Participating Bidders (as determined by the Credit Derivatives Determinations Committee and specified in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity), the timeline will be adjusted and the Initial Bidding Period extended, with the Auction recommencing at such time(s) specified by the Administrators, otherwise it will proceed as follows.

### *Determination of Open Interest, Initial Market Midpoint and Adjustment Amounts*

The Administrators will calculate the Open Interest, the Initial Market Midpoint and any Adjustment Amounts in respect of the Auction.

The Open Interest is the difference between all Physical Settlement Sell Requests and all Physical Settlement Buy Requests.

To determine the Initial Market Midpoint, the Administrators will: (a) sort the Initial Market Bids in descending order and the Initial Market Offers in ascending order, identifying non-tradeable markets for which bids are lower than offers; (b) sort non-tradeable markets in terms of tightness of spread between Initial Market Bid and Initial Market Offer; and (c) identify that half of the non-tradeable markets with the tightest spreads. The Initial Market Midpoint is determined as the arithmetic mean of the Initial Market Bids and Initial Market Offers contained in the half of non-tradeable markets with the tightest spreads.

Any Participating Bidder whose Initial Market Bid or Initial Market Offer forms part of a tradeable market will be required to make a payment to ISDA on the third Business Day after the Auction Final Price Determination Date (an "**Adjustment Amount**"), calculated in accordance with the Auction Methodology. Any payments of Adjustment Amounts shall be used by ISDA to defray any costs related to any auction that ISDA has coordinated, or that ISDA will in the future coordinate, for purposes of settlement of credit derivative transactions.

If for any reason no single Initial Market Midpoint can be determined, the procedure set out above may be repeated.

At or prior to the Initial Bidding Information Publication Time on any day on which the Initial Bidding Period has successfully concluded, the Administrators publish the Open Interest, the Initial Market Midpoint and the details of any Adjustment Amounts in respect of the Auction.

If the Open Interest is zero, the Auction Final Price will be the Initial Market Midpoint.

#### *Submission of Limit Order Submissions*

In the event that the Open Interest does not equal zero, a subsequent bidding period will be commenced during the Initial Bidding Period which: (a) if the Open Interest is an offer to sell Deliverable Obligations, Participating Bidders submit Limit Bids; or (b) if the Open Interest is a bid to purchase Deliverable Obligations, Limit Offers, in each case, on behalf of customers and for their own account.

#### *Matching bids and offers*

If the Open Interest is a bid to purchase Deliverable Obligations, the Administrators will match the Open Interest against all Initial Market Offers and Limit Offers, as further described in the Auction Methodology. If the Open Interest is an offer to sell Deliverable Obligations, the Administrators will match the Open Interest against all Initial Market Bids and Limit Bids, as further described in the Auction Methodology.

#### *Auction Final Price when the Open Interest is Filled*

The Auction Final Price will be the price associated with the matched Initial Market Bids and Limit Bids or Initial Market Offers and Limit Offers, as applicable, that is the highest offer or the lowest bid, as applicable, provided that: (a) if the Open Interest is an offer to sell and the price associated with the lowest matched bid exceeds the Initial Market Midpoint by more than the "Cap Amount" (being the percentage that is equal to one half of the Maximum Initial Market Bid-Offer Spread (rounded to the nearest Relevant Pricing Increment)), then the Auction Final Price will be the Initial Market Midpoint plus the Cap Amount; and (b) if the Open Interest is a bid to purchase and the Initial Market Midpoint exceeds the price associated with the highest offer by more than the Cap Amount, then the Auction Final Price will be the Initial Market Midpoint minus the Cap Amount.

#### *Auction Final Price when the Open Interest is Not Filled*

If, once all the Initial Market Bids and Limit Bids or Initial Market Offers and Limit Offers, as applicable, have been matched to the Open Interest, part of the Open Interest remains, the Auction Final Price will be: (a) if the Open Interest is a bid to purchase Deliverable Obligations, the greater of (i) zero, and (ii) the highest Limit Offer or Initial Market Offer received; or (b) if the Open Interest is an offer to sell Deliverable Obligations, zero.

#### *100 per cent. Cap to Auction Final Price*

In all cases, if the Auction Final Price determined pursuant to the Auction Methodology is greater than 100 per cent., then the Auction Final Price will be deemed to be 100 per cent.

#### *Publication of Auction Final Price*

At or prior to the Subsequent Bidding Information Publication Time on any day on which the subsequent bidding period has successfully concluded, the Administrators will publish on their websites: (a) the Auction Final Price; (b) the names of the Participating Bidders who submitted bids, offers, valid Dealer Physical Settlement Requests and valid Customer Physical Settlement Requests, together with the details of all such bids and offers submitted by each; and (c) the details and size of all matched trades.



## **Restructuring**

Following certain Restructuring credit events, more than one auction may be held and there may be more than one Auction Final Price and credit default swaps are grouped into buckets by maturity and depending on which party triggers the credit default swap. Deliverable obligations will be identified for each bucket (any deliverable obligations included in a shorter bucket will also be deliverable for all longer buckets). If the Credit Derivatives Determinations Committee determines to hold an auction for a particular bucket, then that auction will be held according to the existing auction methodology that has previously been used for Bankruptcy and Failure to Pay credit events as described in the summary below, except that the deliverable obligations will be limited to those falling within the relevant maturity bucket.

### **Execution of Trades Formed in the Auction**

Each Participating Bidder whose Limit Bid or Initial Market Bid (or Limit Offer or Initial Market Offer if applicable) is matched against the Open Interest, and each Participating Bidder that submitted a Customer Physical Settlement Request or Dealer Physical Settlement Request, is deemed to have entered into a Representative Auction-Settled Transaction, and each customer that submitted such a Limit Bid, Limit Offer, or Physical Settlement Request is deemed to have entered into a Representative Auction-Settled Transaction with the dealer through whom the customer submitted such bid or offer. Accordingly, each such Participating Bidder or customer that is a seller of Deliverable Obligations pursuant to a trade formed in the auction must deliver to the buyer to whom such Participating Bidder or customer has been matched a Notice of Physical Settlement indicating the Deliverable Obligations that it will deliver, and such Deliverable Obligations will be sold to the buyer in exchange for payment of the Auction Final Price.

### **Timing of Auction Settlement Provisions**

If an Auction is held in respect of an Affected Reference Entity, it is expected that the relevant Auction Date will occur on the third Business Day immediately prior to the 30th calendar day after which the relevant Credit Derivatives Determinations Committee received the request from an eligible market participant (endorsed by a member of the relevant Credit Derivatives Determinations Committee) to resolve whether a Credit Event has occurred with respect to such Reference Entity.

In respect of an Affected Reference Entity for which an Auction is held, the Auction Settlement Date will occur on a Business Day following the Auction Final Price Determination Date, as determined by the Credit Derivatives Determinations Committee and specified in the Credit Derivatives Auction Settlement Terms in respect of the relevant Affected Reference Entity.

## **ANNEX B TO THE ADDITIONAL TERMS AND CONDITIONS FOR CREDIT SECURITIES**

### **CREDIT DERIVATIVES DETERMINATIONS COMMITTEES**

In making certain determinations with respect to the Credit Securities, the Calculation Agent may but is not bound to follow or act in accordance with any determination of the relevant Credit Derivatives Determinations Committees. This Annex sets forth a summary of the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) as of 20 January 2016 (the "Rules") and is subject to the rules as published by ISDA from time to time and as amended from time to time. This summary is not intended to be exhaustive and prospective investors should also read the Rules and reach their own views prior to making any investment decisions. A copy of the Rules published by ISDA is available at: [www.isda.org](http://www.isda.org) (or any successor website thereto).

Capitalised terms used but not defined in this summary have the meaning specified in the Final Terms or the Rules, as applicable.

#### **Establishment of the Credit Derivatives Determinations Committees**

In accordance with the Rules, a Credit Derivatives Determinations Committee has been formed for each of the regions of (a) the Americas, (b) Asia Ex-Japan, (c) Australia-New Zealand, (d) Europe, Middle East and Africa and (e) Japan. As of the date hereof, the Calculation Agent (or one of its Affiliates) is a voting member on each of the Credit Derivatives Determinations Committees. See "Risk Factors – Conflicts of Interest – Credit Derivatives Determinations Committees" for additional information regarding conflicts of interest. The Credit Derivatives Determinations Committees will act in accordance with the Rules and will make determinations that are relevant for Credit Derivative Transactions that incorporate, or are deemed to incorporate, the 2014 ISDA Credit Derivatives Definitions (the "**2014 Definitions**"). ISDA will serve as the secretary of each Credit Derivatives Determinations Committee and will perform administrative duties and make certain determinations as provided for under the Rules.

#### **Decision-making Process of the Credit Derivatives Determinations Committees**

Each DC Resolution by a Credit Derivatives Determinations Committee will apply to Credit Derivative Transactions that incorporate, or are deemed to incorporate, the 2014 Definitions or the Updated 2003 Definitions (depending on the applicable "Coverage Election" and subsequent determinations of the Credit Derivatives Determinations Committee) and for which the relevant provisions are not materially inconsistent with the provisions with respect to which the Credit Derivatives Determinations Committee bases its determination. As a result, determinations by the Credit Derivatives Determinations Committees are not applicable to the Holders, unless specified otherwise in the terms of the Credit Securities. The Credit Derivatives Determinations Committees shall have no ability to amend the terms of the Credit Securities. Furthermore, the institutions on the Credit Derivatives Determinations Committees owe no duty to the Holders. See "Risk Factors - Rights Associated with Credit Derivatives Determinations Committees" for further information. The terms of the Credit Securities provide that the Holders will be subject to certain determinations by the Credit Derivatives Determinations Committees. The Credit Derivatives Determinations Committees will be able to make determinations without action or knowledge by the Holders.

A Credit Derivatives Determinations Committee will be convened upon referral of (i) a question to ISDA by an identified eligible market participant and the agreement of at least one of the voting members of the relevant Credit Derivatives Determinations Committee to deliberate the question, or (ii) a question to ISDA by an unidentified eligible market participant and the agreement of at least two of the voting members of the relevant Credit Derivatives Determinations Committee to deliberate the question, or (iii) a question to ISDA by an eligible market participant which is an Eligible CCP (being an eligible clearing entity) and such question is not designated as a "General Interest Question" and relates to an eligible cleared Reference Entity with respect to such Eligible CCP and to certain specified matters such as a Credit Event, Potential Repudiation/Moratorium and/or Successor. ISDA will convene the Credit Derivatives Determinations Committee for the region to which the referred question relates, as determined in accordance with the Rules. Any party to

a transaction that incorporates, or is deemed to incorporate, the 2014 Definitions or the Updated 2003 Definitions may refer a question to ISDA for a Credit Derivatives Determinations Committee to consider. Therefore, a binding determination may be made with respect to the Credit Securities without any action by the Holders. Holders (in their capacity as holders of the Credit Securities) will not be able to refer questions to the Credit Derivatives Determinations Committees.

Once a question is referred to a Credit Derivatives Determinations Committee, a DC Resolution may result quickly, as a binding vote usually must occur within two business days of the first meeting held with respect to such question unless the timeframe is extended by agreement of at least 80% of the voting members participating in a vote held in accordance with the Rules. In addition, voting members of the Credit Derivatives Determinations Committees are required to participate in each binding vote, subject only to limited abstention rights. Notices of questions referred to the Credit Derivatives Determinations Committees, meetings held to deliberate such questions, meeting statements and the results of binding votes will be published on the ISDA website and neither the Issuer, the Calculation Agent nor any of their respective Affiliates shall be obliged to inform the Holders of such information (other than as expressly provided in the Final Terms). Holders shall therefore be responsible for obtaining such information. See "Risk Factors – Rights Associated with Credit Derivatives Determinations Committees".

The Credit Derivatives Determinations Committees have the ability to make determinations that may materially affect the Holders. The Credit Derivatives Determinations Committees will be able to make a broad range of determinations in accordance with the Rules that may be relevant to the Credit Securities and materially affect the Holders. For each of the general types of questions discussed below, the Credit Derivatives Determinations Committees may determine component questions that arise under the 2014 Definitions or the Updated 2003 Definitions, or the Rules and that are related to the initial question referred. Since the terms governing the credit-linked elements of the Credit Securities are substantially similar to the 2014 Definitions or, as the case may be, the Updated 2003 Definitions, such determinations may affect the Holders, as further described below.

### **Credit Events**

The Credit Derivatives Determinations Committees will be able to determine whether a Credit Event has occurred and, if applicable, the date of such Credit Event. Related questions that are also within the scope of the Credit Derivatives Determinations Committees are whether a Potential Failure to Pay or a Potential Repudiation/Moratorium has occurred. In addition, the Credit Derivatives Determinations Committees will also determine, where necessary, whether the required Publicly Available Information has been provided. Each of these determinations, other than whether the required Publicly Available Information has been provided, requires the agreement of at least 80% of the voting members participating in a binding vote held in accordance with the Rules in order to avoid the referral of the question to the external review process, as described further below. The determination of whether the required Publicly Available Information has been provided requires the agreement of at least a majority of the voting members participating in a binding vote held in accordance with the Rules and is not eligible for external review. Each of these determinations may affect whether an Event Determination Date will occur under the Credit Securities. If the Credit Derivatives Determinations Committee Resolves that a Credit Event has occurred with respect to one of the Reference Entity(ies) on or after the Credit Event Backstop Date, then an Event Determination Date is deemed to have occurred in respect of the Credit Securities.

### **Successors**

The Credit Derivatives Determinations Committees will be able to determine whether there are any Successor or Successors to a Reference Entity and the relevant Succession Date. In addition, the Credit Derivatives Determinations Committees will also determine the identity of the Successor(s) in accordance with the Rules. For a Reference Entity that is not a Sovereign, the Credit Derivatives Determinations Committees will determine the Relevant Obligation(s) of the Reference Entity (including any adjustments required to be made if there is a Steps Plan), the proportion of the Relevant Obligation(s) to which each purported Successor succeeds and the Succession Date. For a Reference Entity that is a Sovereign, the Credit Derivatives Determinations Committees will determine the Relevant Obligation(s) of the Reference Entity (including any adjustments to be made if there is a Steps Plan), whether a Sovereign Succession Event has occurred,

if so the proportion of the Relevant Obligation(s) to which each purported Successor succeeds, and the Succession Date. Each of these determinations requires the agreement of at least 80% of the voting members participating in a binding vote held in accordance with the Rules in order to avoid the referral of the question to the external review process, as described further below, except for the actual identification of the Successor(s) for a Reference Entity (which only requires a majority and is not eligible for external review). The Calculation Agent may use the relevant DC Resolutions of the Credit Derivatives Determinations Committees in order to determine Successor(s) to the Reference Entity(ies).

### **Other Questions**

The Credit Derivatives Determinations Committees will be able to determine whether circumstances have occurred that require a Substitute Reference Obligation to be identified and, if so, the appropriate Substitute Reference Obligation. The Credit Derivatives Determinations Committees may also make determinations in relation to (i) Standard Reference Obligations and if applicable replacement Standard Reference Obligations in accordance with the Standard Reference Obligation Rules and (ii) whether or not Asset Package Delivery is applicable pursuant to the 2014 Definitions and if so, any Asset Package relating to a Prior Deliverable Obligation or Package Observable Bond, as applicable. In addition, the Credit Derivatives Determinations Committees will be able to determine whether an entity that acts as seller of protection under one or more transactions (such entity, the "Relevant Seller") or a Reference Entity has consolidated or amalgamated with, or merged into, or transferred all or substantially all its assets to, the Reference Entity or the Relevant Seller, as applicable, or that the Relevant Seller and the Affected Reference Entity have become Affiliates. Each of these determinations requires the agreement of at least 80% of the voting members participating in a binding vote held in accordance with the Rules in order to avoid the referral of the question to the external review process, as described further below. The Calculation Agent may follow such DC Resolutions in making the equivalent determinations with respect to the Credit Securities.

The Credit Derivatives Determinations Committees will be able to determine other referred questions that are relevant to the credit derivatives market as a whole and are not merely a matter of bilateral dispute. Such questions require the agreement of at least 80% of the voting members participating in a binding vote held in accordance with the Rules for each Credit Derivatives Determinations Committee implicated by the relevant question, as determined in accordance with the Rules, in order to avoid the possible referral of the question to the external review process, as described further below. Furthermore, the question relating to such DC Resolution may also be referred to the external review process if at least a majority of the voting members participating in a binding vote held in accordance with the Rules agree. Any guidance given by the Credit Derivatives Determinations Committees with respect to questions of interpretation of the 2014 Definitions or, as the case may be, the Updated 2003 Definitions are likely to influence the Calculation Agent in interpreting equivalent provisions under the Credit Securities.

Any such question can be submitted to the Credit Derivatives Determinations Committees by an unidentified eligible market participant for deliberation. The relevant Credit Derivatives Determinations Committee(s) will deliberate such question upon the agreement of at least two of the voting members of the relevant Credit Derivatives Determinations Committee to deliberate the question. Once the deliberations on such question have commenced, the relevant Credit Derivatives Determinations Committee will proceed in accordance with the procedures described above with respect to the relevant question category, except that the identity of the eligible market participant who submitted the question will not be revealed to the members of the Credit Derivatives Determinations Committees or the general public.

### **External Review**

As described immediately above, certain questions deliberated by the Credit Derivatives Determinations Committees are subject to an external review process if the required threshold is not met during the binding vote held with respect to such question. For such questions, if at least 80% of the voting members participating in a binding vote held in accordance with the Rules fail to agree, the question will be automatically referred to the external review process. Questions that are not eligible for external review often require only a simple majority of participating voting members to agree in order to reach a DC Resolution.

Questions referred to external review will be considered by a panel of three independent individuals who will be selected by either the relevant Credit Derivatives Determinations Committee or by ISDA at random. The default duration of the external review process (which can be modified by the relevant Credit Derivatives Determinations Committee in accordance with the Rules) is twelve business days from the referral of the question and contemplates the receipt of both written submissions and oral argument. Any member of ISDA may provide written submissions to the external reviewers, which will be made available to the public on the ISDA website, and the conclusion reached in accordance with the external review process will be binding on the Holders. In instances where the vote of the relevant Credit Derivatives Determinations Committee was less than or equal to 60%, the decision of a majority of the external reviewers will be determinative. However, in instances where the vote of the relevant Credit Derivatives Determinations Committee was between 60% and 80%, all three external reviewers must agree in order to overturn the vote of the Credit Derivatives Determinations Committee.

Holders should be aware that the external reviewers may not consider new information that was not available to the relevant Credit Derivatives Determinations Committee at or prior to the time of the binding vote and questions may be returned to the Credit Derivatives Determinations Committee for another vote if new information becomes available. In addition, if the external reviewers fail to arrive at a decision for any reason, the entire process will be repeated. As a result, the external review process may be elongated in certain situations, leaving questions that may materially affect the Holders unresolved for a period of time.

#### **The Composition of the Credit Derivatives Determinations Committees**

Each Credit Derivatives Determinations Committee is composed of fifteen voting members and three non-voting consultative members. Ten of the voting members are dealer institutions, with eight serving across all regions and two potentially varying by region. The other five voting members are non-dealer institutions that serve across all regions. The three non-voting consultative members consist of one dealer institution and one non-dealer institution that serve across all regions and one dealer institution that could potentially vary by region. For the first composition of the Credit Derivatives Determinations Committees only, an additional non-voting dealer institution has been selected to serve across all regions.

Holders will have no role in the composition of the Credit Derivatives Determinations Committees. Separate criteria applies with respect to the selection of dealer and non-dealer institutions to serve on the Credit Derivatives Determinations Committees and the Holders will have no role in establishing such criteria. In addition, the composition of the Credit Derivatives Determinations Committees will change from time to time in accordance with the Rules, as the term of an institution may expire or an institution may be required to be replaced. The Holders will have no control over the process for selecting institutions to participate on the Credit Derivatives Determinations Committees and, to the extent provided for in the Credit Securities, will be subject to the determinations made by such selected institutions in accordance with the Rules.

#### **Ability of the Calculation Agent or its Affiliates to influence the Credit Derivatives Determinations Committees**

As of the date hereof, the Calculation Agent (or one of its Affiliates) is a voting member on each of the Credit Derivatives Determinations Committees. In such capacity, it may take certain actions that may influence the process and outcome of decisions of the Credit Derivatives Determinations Committees, including (without limitation): (a) agreeing to deliberate a question referred to ISDA, (b) voting on the resolution of any question being deliberated by a Credit Derivatives Determinations Committee and (c) advocating a certain position during the external review process. In addition, as a party to transactions which incorporate, or are deemed to incorporate, the 2014 Definitions or the Updated 2003 Definitions, the Calculation Agent may refer a question to ISDA for a Credit Derivatives Determinations Committee to deliberate. In deciding whether to take any such action, the Calculation Agent (or its Affiliate) shall be under no obligation to consider the interests of any Holder. See "Potential conflicts of interest of the Calculation Agent" below for additional information.

### **Potential Conflicts of interest of the Calculation Agent**

Since, as of the date hereof, the Calculation Agent (or one of its Affiliates) is a voting member on each of the Credit Derivatives Determinations Committees and is a party to transactions which incorporate, or are deemed to incorporate, the 2014 Definitions or the Updated 2003 Definitions, it may take certain actions which may influence the process and outcome of decisions of the Credit Derivatives Determinations Committees. See "Ability of the Calculation Agent or its Affiliates to influence the Credit Derivatives Determinations Committees" above for additional information. Such action may be adverse to the interests of the Holders and may result in an economic benefit accruing to the Calculation Agent. In taking any action relating to the Credit Derivatives Determinations Committees or performing any duty under the Rules, the Calculation Agent shall have no obligation to consider the interests of the Holders and may ignore any conflict of interest arising due to its responsibilities under the Credit Securities.

Holders will have no recourse against either the institutions serving on the Credit Derivatives Determinations Committees or the external reviewers. Institutions serving on the Credit Derivatives Determinations Committees and the external reviewers, among others, disclaim any duty of care or liability arising in connection with the performance of duties or the provision of advice under the Rules, except in the case of gross negligence, fraud or wilful misconduct. Furthermore, the institutions on the Credit Derivatives Determinations Committees do not owe any duty to the Holders and the Holders will be prevented from pursuing claims with respect to actions taken by such institutions under the Rules.

Holders should also be aware that institutions serving on the Credit Derivatives Determinations Committees have no duty to research or verify the veracity of information on which a specific determination is based. In addition, the Credit Derivatives Determinations Committees are not obligated to follow previous determinations and, therefore, could reach a conflicting determination for a similar set of facts.

Holders shall be responsible for obtaining information relating to deliberations of the Credit Derivatives Determinations Committees. Notices of questions referred to the Credit Derivatives Determinations Committees, meetings held to deliberate such questions and the results of binding votes will be published on the ISDA website and neither the Issuer, the Calculation Agent nor any of their respective Affiliates shall be obliged to inform the Holders of such information (other than as expressly provided in the Final Terms). Failure by the Holders to be aware of information relating to deliberations of a Credit Derivatives Determinations Committee will have no effect under the Final Terms and Holders are solely responsible for obtaining any such information.

### **Amendments to the Rules**

The Rules may be amended from time to time without the consent or input of the Holders and the powers of the Credit Derivatives Determinations Committees may be expanded or modified as a result.

## **Part B**

This Part B shall only apply if the Final Terms of the Credit Securities specify that Part B of Annex 10 (*Additional Terms and Conditions for Credit Securities*) applies. Where this Part B applies, for the avoidance of doubt, the terms of Part A of Annex 10 shall not apply to the Credit Securities. This Part B shall not apply to Credit Warrants.

### **1. General**

The Final Terms shall specify:

- (a) the Reference Entity;
- (b) the Trade Date; and
- (c) the Scheduled Maturity Date or Scheduled Redemption Date, as applicable.

### **2. Redemption**

#### **(a) Redemption absent Event Determination Date**

The Issuer will redeem each Credit Certificate or Credit Note on the related Credit Security Settlement Date (as such date may be extended in accordance with the definition thereof) by payment of an amount equal to (in the case of Credit Certificates) the Outstanding Notional Amount or (in the case of Credit Notes) the Outstanding Principal Amount of such Credit Security unless:

- (i) an Automatic Early Redemption Event has occurred (if applicable);
- (ii) the Credit Securities have been previously redeemed or purchased or cancelled in full (including pursuant to Credit Security Condition 2(b) (*Redemption following Event Determination Date*)); or
- (iii) an Event Determination Date occurs, in which event the Issuer shall redeem the Credit Securities in accordance with Credit Security Condition 2(b) (*Redemption following Event Determination Date*).

#### **(b) Redemption following Event Determination Date**

Upon the occurrence of an Event Determination Date in relation to a Reference Entity, each Credit Certificate or Credit Note will be redeemed at the Credit Event Settlement Amount on the Cash Settlement Date in full satisfaction of the Issuer's obligations under such Credit Security.

#### **(c) Miscellaneous provisions relating to Redemption**

Any amount payable under Credit Security Condition 2 (*Redemption*) shall be rounded downwards to the nearest sub-unit of the relevant currency.

### **3. Interest**

#### **(a) Cessation of Interest Accrual**

Upon the occurrence of a Credit Event Determination Date in respect of the Reference Entity, interest shall cease to accrue with effect from, and including, either:

- (i) the Interest Payment Date immediately preceding such Credit Event Determination Date (or, in the case of the first Interest Period, the Interest Commencement Date); or
- (ii) if so specified in the Final Terms, such Credit Event Determination Date.

(b) **Interest following Scheduled Maturity**

Subject always to Credit Security Condition 3(a) (*Cessation of Interest Accrual*), if an Extension Notice has been given, no interest will accrue on each Credit Security which is outstanding from, and including, the Scheduled Maturity Date or the Scheduled Redemption Date (as applicable) to, and including, the related Credit Security Settlement Date.

(c) **Interest Payment Dates**

If the Credit Securities are redeemed pursuant to the W&C Security Conditions or the Note Conditions as applicable or these Credit Security Conditions, the Scheduled Redemption Date, or the Scheduled Maturity Date, the Credit Security Settlement Date (if not the Scheduled Redemption Date or the Scheduled Maturity Date) or the Cash Settlement Date, as the case may be, shall be an Interest Payment Date in respect of each Credit Security and the Issuer shall pay any interest that has accrued (and is unpaid) in respect of each Credit Security on such Interest Payment Date.

(d) **General**

For the avoidance of doubt, this Credit Security Condition 3 (*Interest*) shall apply only where the Final Terms specify that the Credit Securities bear interest.

**4. Event Determination Date**

An "**Event Determination Date**" will occur upon the Calculation Agent delivering to the Issuer a Credit Event Notice.

**5. Miscellaneous Provisions relating to Credit Certificates and Credit Notes**

(a) **Hedge Counterparty**

The Issuer will procure that the Hedge Counterparty uses reasonable endeavours to obtain from the Reference Entity payment of the amount specified in the Unwind Notice and all amounts standing to the credit of the Deposit.

**Determinations of the Calculation Agent**

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to the Credit Securities shall (in the absence of manifest error) be final and binding on the Issuer, the Guarantor (if applicable) and the Holders. Whenever the Calculation Agent is required to make any determination it may, *inter alia*, decide issues of construction and legal interpretation. Unless otherwise expressly stated, the Calculation Agent is not bound to follow or act in accordance with any determination of the relevant Credit Derivatives Determinations Committee. If the Calculation Agent chooses to rely on the determinations of the relevant Credit Derivatives Determinations Committee it may do so without liability. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Credit Securities including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and none of the Calculation Agent, the Issuer or the Guarantor (if applicable) shall, in the absence of wilful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

(b) **Delivery of Notices**



As soon as reasonably practicable after receiving a Credit Event Notice or Extension Notice from the Calculation Agent, the Issuer shall promptly inform, or shall procure that the Calculation Agent informs the Holders in accordance with W&C Security Condition 10 (*Notices*) or Note Condition 16 (*Notices*), as applicable.

## 6. Definitions

The following definitions shall apply to the Credit Securities.

**"Bankruptcy"** means the Reference Entity:

- (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (iii) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective;
- (iv) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof;
- (v) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or
- (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (i) to (vii).

**"BNP Paribas Group"** means BNP Paribas and its consolidated subsidiaries.

**"Cash Settlement Date"** means the date falling three Business Days (or such other number of days specified in the Final Terms) after the Credit Event Valuation Date.

**"Credit Derivatives Determinations Committee"** means each committee established by ISDA for the purposes of reaching certain DC Resolutions in connection with credit derivative transactions in the over the counter markets, as more fully described in the Rules.

**"Credit Event"** means the occurrence of a Bankruptcy with respect to the Reference Entity or a Failure to Pay.

If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into the Reference Obligation;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to the Reference Obligation, however described;
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**"Credit Event Determination Date"** means the first date on which a Credit Event Notice is effective.

**"Credit Event Notice"** means an irrevocable notice from the Calculation Agent to the Issuer that describes a Credit Event that occurred on or after the Trade Date and on or prior to the earlier of (i) if Automatic Early Redemption Event is specified as applicable in the Final Terms, the Automatic Early Redemption Date immediately following the Automatic Early Redemption Valuation Date on which an Automatic Early Redemption Event has occurred and (ii) the day falling two Business Days prior to the Credit Security Settlement Date.

**"Credit Event Settlement Amount"** means an amount per Credit Security subject to a minimum of zero, equal to:

$NA \times (\text{Security Value} - \text{Redemption Adjustment}).$

**"Credit Event Valuation Date"** means any Business Day from, and including the Credit Event Determination Date to, and including, the Credit Event Valuation Period End Date as selected by the Calculation Agent in its sole discretion (such period, the **"Credit Event Valuation Period"**) provided that the Credit Event Valuation Date may be postponed where the Valuation Extension Condition is satisfied, in which case the Credit Event Valuation Date will be any Business Day from, and including the Credit Event Determination Date to, and including, the last Business Day of the Extended Valuation Period, as selected by the Calculation Agent in its sole discretion.

**"Credit Event Valuation Period End Date"** means, unless specified otherwise in the Final Terms, the day falling 180 Business Days following the Credit Event Determination Date.

**"Credit Security Settlement Date"** means:

- (a) the Scheduled Maturity Date or Scheduled Redemption Date, as applicable; or
- (b) where the Issuer, having received from the Calculation Agent an Extension Notice in relation to the Reference Entity, delivers it to the Holders on or prior to the day falling three Business Days prior to the Scheduled Maturity Date or Scheduled Redemption Date, as applicable, the Extended Redemption Date.

**"DC Resolution"** has the meaning given to it in the Rules.

**"Extended Redemption Date"** means the date that is five Business Days following the later of:

- (a) the Scheduled Maturity Date or Scheduled Redemption Date, as applicable where paragraph (a) of the definition of "Extension Notice" applies; and

(b) the last day of the Grace Period where paragraph (b) of the definition of "Extension Notice" applies.

**"Extension Notice"** means a notice delivered by the Calculation Agent to the Issuer stating that (a) without prejudice to sub-paragraph (b), a Credit Event has occurred or may occur on or prior to the Maturity Date or Redemption Date, as applicable or (b) a Potential Failure to Pay has occurred or may occur on or prior to the Maturity Date or Redemption Date, as applicable.

**"Extended Valuation Period"** means the period from, and including the Credit Event Determination Date to, and including the day falling 720 calendar days (or such other day specified in the Final Terms) following the Credit Event Determination Date.

**"Failure to Pay"** means, after the expiration of the Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under the Reference Obligation in accordance with the terms of such Reference Obligation at the time of such failure.

**"Final Price"** means the amount expressed as a percentage of the Reference Obligation Notional Amount (as at the date the Credit Event occurred) equal to:

- (a)
  - (i) the amount received by the Hedge Counterparty from the Reference Entity in relation to the Reference Obligation in the period from, and including, the day on which the relevant Credit Event occurred to, and including, the last day in the Credit Event Valuation Period; or
  - (ii) if the Hedge Counterparty in its sole discretion acting in a commercially reasonable manner elects to transfer its rights in respect of the Reference Obligation to a third party (which may be an affiliate of the Hedge Counterparty) on an arm's length basis and the Hedge Counterparty effects a transfer of such rights on or prior to the last day in the Credit Event Valuation Period, the amount received from the third party to which the Hedge Counterparty has been able to transfer its rights related to the Reference Obligation less any costs or expenses incurred in or relating to such transfer;
- (b) where the Valuation Extension Condition is satisfied, the amount paid by the Reference Entity to the Hedge Counterparty in relation to the Reference Obligation on or prior to the last Business Day of the Extended Valuation Period; and
- (c) if no amount has been paid to the Hedge Counterparty by the Reference Entity on or prior to the last day of the Credit Event Valuation Period or, if the Valuation Extension Condition is satisfied, the last Business Day of the Extended Valuation Period and the Hedge Counterparty has not transferred its rights related to the Reference Obligation to a third party on or prior to the last day of the Credit Event Valuation Period, the Final Price shall be deemed to be equal to zero.

For the avoidance of doubt, the Final Price as determined in accordance with sub-paragraphs (a) and (b) may be deemed to be equal to zero.

**"Grace Period"** means the period of 15 Business Days (or such other period specified in the Final Terms) from the date on which an Unwind Notice has been delivered to the Reference Entity.

**"Hedge Counterparty"** means, unless specified otherwise in the Final Terms, BNP Paribas Arbitrage S.N.C.

**"ISDA"** means the International Swaps and Derivatives Association, Inc. (or any successor thereto).

**"NA"** means the Notional Amount (in the case of Credit Certificates) or the nominal amount (in the case of Credit Notes).

**"Non Recovered Loss"** means an amount expressed as a percentage calculated in accordance with the following formula:

$$[\text{RONA} \times (100\% - \text{ONA/OPA}) \text{ Final Price}).$$

**"Outstanding Notional Amount"** or **"ONA"** means the outstanding notional amount of all issued Credit Certificates which have not been redeemed or are not held by an entity in the BNP Paribas Group.

**"Outstanding Principal Amount"** or **"OPA"** means the outstanding nominal amount of all issued Credit Notes which have not been redeemed or are not held by an entity in the BNP Paribas Group.

**"Payment Requirement"** means EUR 1 (or such other amount specified in the Final Terms).

**"Potential Failure to Pay"** means the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement in respect of the Reference Obligation, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to the Reference Obligation, in accordance with the terms of the Reference Obligation at the time of such failure.

**"Redemption Adjustment"** means the aggregate of (i) any costs expressed as a percentage of (in the case of Credit Certificates) the Outstanding Notional Amount or (in the case of Credit Notes) the Outstanding Principal Amount payable by the Hedge Counterparty, the Issuer or any of its Affiliates to unwind or terminate any hedging transaction or hedging positions related to the Credit Certificates or, as applicable, Credit Notes and (ii) any Non Recovered Loss on the Reference Obligation.

**"Reference Obligation"** means a cash deposit by the Hedge Counterparty (the **"Deposit"**) with the Reference Entity in an amount equal to the Reference Obligation Notional Amount from time to time.

**"Reference Obligation Notional Amount"** or **"RONA"** means an amount placed on deposit with the Reference Entity by the Hedge Counterparty upon issue of the Securities, as reduced by an amount equal to any withdrawals made by the Hedge Counterparty from the Deposit from time to time or increased by any cash transfers made by the Hedge Counterparty into the Deposit from time to time.

**"Reference Entity"** means the party specified as such in the Final Terms and any Successor thereto.

**"Rules"** means the Credit Derivatives Determinations Committee Rules, as published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

**"Security Value"** means the fair market value of the Credit Security immediately prior to the occurrence of the Credit Event expressed as a percentage of (in the case of Credit Certificates) the Outstanding Notional Amount or (in the case of Credit Notes) the Outstanding Principal Amount of the Credit Security as determined by the Calculation Agent (in its sole discretion) and, in respect of such determination, that the Calculation Agent shall ignore the credit-linked component and credit linked provisions of the Credit Security for the purposes of such valuation.

**"Succession Event"** means an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement;

**"Successor"** means any direct or indirect successor to the Reference Entity which assumes the Reference Obligation following a Succession Event in respect of the Reference Entity or, if there is more than one such successor entity, the successor entity which assumes the highest proportion of the outstanding balance of the

Reference Obligation as determined by the Calculation Agent, provided that if more than one successor entity assumes such highest proportion of such Reference Obligation, the successor entity shall be determined by the Calculation Agent acting in a commercially reasonable manner.

**"Unwind Notice"** means a notice to the Reference Entity requesting the withdrawal of all or any part of the amounts standing to the credit of the Deposit.

**"Valuation Extension Condition"** means (i) the transfer of the Hedge Counterparty's rights relating the Reference Obligation has not been possible on or prior to the last day in the Credit Event Valuation Period, (ii) no amount has yet been received by the Hedge Counterparty from the Reference Entity in respect of the Reference Obligation on or prior to the last day in the Credit Event Valuation Period and (iii) the Hedge Counterparty determines that the Final Price is likely to be higher than zero if there is an Extended Valuation Period and the Credit Event Valuation Date is postponed and it notifies the Calculation Agent accordingly.

## ANNEX 11

### ADDITIONAL TERMS AND CONDITIONS FOR OET CERTIFICATES

If specified as applicable in the applicable Final Terms, the terms and conditions applicable to Certificates specified in the applicable Final Terms as OET Certificates shall comprise the terms and conditions of the W&C Securities (the "**W&C Security Conditions** ") and the additional Terms and Conditions for OET Certificates set out below (the "**OET Certificate Conditions**"), in each case together with any other additional terms and conditions specified in the applicable Final Terms and subject to completion in the applicable Final Terms. In the event of any inconsistency between (i) the W&C Security Conditions and (ii) the OET Certificate Conditions, the OET Certificate Conditions shall prevail.

#### 1. Definitions

"**Automatic Early Redemption Amount**" means an amount in the Settlement Currency equal to the Automatic Early Redemption Payout set out in the applicable Final Terms. If the product of the Automatic Early Redemption Payout is zero, no amount shall be payable on redemption of the Certificate pursuant to OET Certificate Condition 2.

The Automatic Early Redemption Amount shall be rounded to the nearest sub-unit of the relevant Settlement Currency half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention;

"**Automatic Early Redemption Event**" or "**Stop Loss Event**" means that, as determined by the Calculation Agent, at the Observation Time(s) on an Automatic Early Redemption Valuation Date (the "**Relevant Automatic Early Redemption Valuation Date**"):

- (a) with respect to an OET Call Certificate, the Observation Price is less than or equal to the applicable Security Threshold; or
- (b) with respect to an OET Put Certificate, the Observation Price is greater than or equal to the applicable Security Threshold;

"**Automatic Early Redemption Valuation Date**" means each Relevant Business Day from (and including) the Commencement Date (notwithstanding the occurrence of (in the case of Index OET Certificates, Share OET Certificates, ETI OET Certificates or Currency OET Certificates) a Disrupted Day, (in the case of Commodity OET Certificates, a Commodity Disrupted Day or (otherwise) a Market Disruption Event);

"**Capitalised Exercise Price**" or "**CEP<sub>t</sub>**" or "**Financing Level**" means, in respect of a calendar day (day<sub>t</sub>), an amount calculated according to the following provisions:

- (a) if "Unrounded Capitalised Exercise Price" is specified as applicable in the applicable Final Terms, the "UCEP<sub>t</sub>" in respect of a calendar day ("**day<sub>t</sub>**") will be calculated as follows and rounded upwards or downwards in accordance with the Capitalised Exercise Price Rounding Rule specified in the applicable Final Terms:

$$UCEP_t = UCEP_{t-1} * (1 + \text{Financing Rate}_{t-1})^{1/360}$$

Except that:

- (i) with respect to Share OET Certificates and Index OET Certificates (where dividends on the Index Shares (as defined below) are not reinvested in the relevant Index), and where day<sub>t</sub> is an Ex-Dividend Date, the Unrounded Capitalised Exercise Price will be calculated as follows:

$$UCEP_t = UCEP_{t-1} * (1 + \text{Financing Rate}_{t-1})^{1/360} - \text{Dividend Adjustment Amount};$$

- (ii) with respect to Rolling Futures Contract Securities, and where  $\text{day}_t$  is a Futures Rollover Date, the Unrounded Capitalised Exercise Price will be calculated as:

$$\text{UCEP}_t = \text{UCEP}_{t-1} * (1 + \text{Financing Rate}_{t-1})^{1/360} + \text{Futures Rollover Adjustment Amount}; \text{ and}$$

- (iii) with respect to Index OET Call Certificates (where dividends on the Index Shares are reinvested in the relevant Index), and where  $\text{day}_t$  is an Ex-Dividend Date, the Unrounded Capitalised Exercise Price will be calculated as follows:

$$\text{UCEP}_t = \text{UCEP}_{t-1} * (1 + \text{Financing Rate}_{t-1})^{1/360} + \text{Applicable Withholding Tax}; \text{ or}$$

- (b) if "Capitalised Exercise Price" is specified as applicable in the applicable Final Terms, the  $\text{CEP}_t$  in respect of  $\text{day}_t$  will be calculated as follows and rounded upwards or downwards in accordance with the Capitalised Exercise Price Rounding Rule specified in the applicable Final Terms:

$$\text{CEP}_t = \text{CEP}_{t-1} * (1 + \text{Financing Rate}_{t-1})^{1/360}$$

Except that:

- (i) with respect to Share OET Certificates, ETI OET Certificates and Index OET Certificates (where dividends on the Index Shares (as defined below) are not reinvested in the relevant Index), and where  $\text{day}_t$  is an Ex-Dividend Date, the Capitalised Exercise Price will be calculated as follows and rounded upwards or downwards in accordance with the Capitalised Exercise Price Rounding Rule specified in the applicable Final Terms:

$$\text{CEP}_t = \text{CEP}_{t-1} * (1 + \text{Financing Rate}_{t-1})^{1/360} - \text{Dividend Adjustment Amount}$$

- (ii) with respect to Rolling Futures Contract Securities, and where  $\text{day}_t$  is a Futures Rollover Date, the Capitalised Exercise Price will be calculated as follows and rounded upwards or downwards in accordance with the Capitalised Exercise Price Rounding Rule specified in the applicable Final Terms:

$$\text{CEP}_t = \text{CEP}_{t-1} * (1 + \text{Financing Rate}_{t-1})^{1/360} + \text{Futures Rollover Adjustment Amount}; \text{ and}$$

- (iii) with respect to Index OET Call Certificates (where dividends on the Index Shares (as defined below) are reinvested in the relevant Index), and where  $\text{day}_t$  is an Ex-Dividend Date, the Capitalised Exercise Price will be calculated as follows and rounded upwards or downwards in accordance with the Capitalised Exercise Price Rounding Rule specified in the applicable Final Terms:

$$\text{CEP}_t = \text{CEP}_{t-1} * (1 + \text{Financing Rate}_{t-1})^{1/360} + \text{Applicable Withholding Tax}.$$

For the purposes of this definition:

**"Applicable Withholding Tax"** means an amount calculated by the Calculation Agent equal to the taxes deducted or withheld at source by or on behalf of any applicable authority having the power to tax in respect of the cash dividends and/or other cash distributions payable in respect of the relevant Index Share related to the Ex-Dividend Date pursuant to the applicable double taxation treaty or domestic law prevailing at the time of the distribution;

**" $\text{CEP}_{t-1}$ "** means the Capitalised Exercise Price applicable on  $\text{day}_{t-1}$ , provided that the Capitalised Exercise Price applicable on the Commencement Date shall be equal to the Exercise Price;

**"Dividend Adjustment Amount"** means, in respect of an Ex-Dividend Date, an amount determined by the Calculation Agent equal to:

- (a) with respect to OET Call Certificates, (i) the sum of the cash dividends and/or other cash distributions payable in respect of the relevant Underlying Reference (or in the case of an Index, in respect of each Index Share) related to such Ex-Dividend Date less applicable taxes deducted or withheld at source by or on behalf of any applicable authority having power to tax in respect of such dividend pursuant to the applicable double taxation treaty or domestic law prevailing at the time of distribution, multiplied by (ii) the Dividend Percentage; or
- (b) with respect to OET Put Certificates, (i) the sum of the gross cash dividends and/or other cash distributions payable in respect of the relevant Underlying Reference (or in the case of an Index, in respect of each Index Share) related to such Ex-Dividend Date multiplied by (ii) the Dividend Percentage;

**"Dividend Percentage"** means the percentage specified as such in the applicable Final Terms;

**"Exercise Price"** means the price determined by the Calculation Agent and specified as such in the applicable Final Terms;

**"Financing Rate<sub>t-1</sub>"** means, the Financing Rate applicable on day<sub>t-1</sub>;

**"Futures Rollover Adjustment Amount"** means an amount, which may be positive or negative, calculated by the Calculation Agent representing the cost to the Issuer and/or its Affiliates of unwinding its hedging arrangements in the Current Exchange-traded Contract or the relevant Futures Contract, as the case may be, less the cost to the Issuer and/or its Affiliates of establishing hedging arrangements in the next Current Exchange-traded Contract or Futures Contract, as the case may be, in each case in respect of the relevant Futures Rollover Date, such amount to be allocated *pro rata* amongst the Certificates; and

**"UCEP<sub>t-1</sub>"** means the Unrounded Capitalised Exercise Price applicable on day<sub>t-1</sub>, provided that the Unrounded Capitalised Exercise Price applicable on the Commencement Date shall be equal to the Exercise Price.

The Capitalised Exercise Price will be made available (subject to technical failure) during normal business hours on any Local Business Day during the term of the OET Certificates, on the OET Website(s) specified in the applicable Final Terms or such other website as may be notified to the Holders;

**"Commencement Date"** means the Issue Date or such other date specified as such in the applicable Final Terms;

**"Conversion Rate"** means, in respect of a day, the rate of exchange (including any rates of exchange pursuant to which the relevant rate of exchange is derived) between the currency of the relevant Underlying Reference and the Settlement Currency, as specified as such in the applicable Final Terms on such day;

**"Ex-Dividend Date"** means, with respect to a Share, ETI Interest (in respect of which a dividend is paid) or share comprising an Index (an **"Index Share"**), the date on which such Share, ETI Interest or Index Share becomes "ex-dividend" as determined by the Calculation Agent;

**"Final Price"** or **"Final Reference Price"** means the Settlement Price or, in the case of Commodity Securities, the Relevant Price on the Valuation Date or Optional Redemption Valuation Date, as applicable;

**"Final Price Early"** or **"Stop-Loss Termination Reference Price"** means the price of the relevant Underlying Reference, determined by the Calculation Agent on the basis of the price obtained by unwinding any underlying related hedging arrangements in respect of the relevant OET Certificates during the three-hour period immediately following the occurrence of the relevant Automatic Early Redemption Event, provided that (i) the Final Price Early in respect of an OET Call Certificate will be no lower than the lowest Observation Price and (ii) the Final Price Early in respect of an OET Put Certificate will be no greater than the highest Observation Price, in each case determined by the Calculation Agent during such three-hour period, or otherwise, during the opening hours of the relevant Exchange. With respect to OET Certificates



relating to an Index, Share or ETI Interest, the above-mentioned three-hour period shall be counted during the opening hours of the relevant Exchange. Accordingly, if the period between the occurrence of the Automatic Early Redemption Event and the official closing time of the relevant Exchange is less than three hours, then the observation period shall extend to the following Relevant Business Day, until a full period of three hours has passed since the occurrence of the Automatic Early Redemption Event. With respect to Currency OET Certificates and Commodity OET Certificates, if a period during a Relevant Business Day is specified in the applicable Final Terms as the Observation Time and the period between the occurrence of the Automatic Early Redemption Event and the end of that period is less than the above mentioned three-hour period, then the observation period shall extend to the following Relevant Business Day beginning at 8:00 am (CET time) until a full period of three hours has passed since the occurrence of the Automatic Early Redemption Event;

**"Financing Rate"** means, if applicable, in respect of a calendar day ( $day_t$ ), the rate calculated as

Financing Rate Percentage + Interbank Rate 1 – Interbank Rate 2;

**"Financing Rate Percentage"** or **"Financing Spread"** means, in the case of OET Call Certificates, the positive rate and, in the case of OET Put Certificates, the negative rate, specified in the applicable Final Terms Provided that the Calculation Agent may, in its sole and absolute discretion, select an alternative rate which must be within the Financing Rate Range;

**"Financing Rate Range"** means the range specified as such in the applicable Final Terms;

**Interbank Rate 1** means the offered quotation which appears on the Interbank Rate 1 Screen Page at the Interbank Rate 1 Specified Time on  $day_t$  as determined by the Calculation Agent. In the event that the Interbank Rate 1 Screen Page is not available or no such offered quotation appears, the Calculation Agent will determine the Interbank Rate 1 as the rate it determines would have prevailed but for such non-availability or other event acting in good faith and in a commercially reasonable manner;

**Interbank Rate 1 Screen Page** means the source specified in the applicable Final Terms;

**Interbank Rate 1 Specified Time** means the time specified in the applicable Final Terms or, if no such time is specified, the customary time as of which the relevant Interbank Rate 1 is published;

**Interbank Rate 2** means the offered quotation which appears on the Interbank Rate 2 Screen Page at the Interbank Rate 2 Specified Time on  $day_t$  as determined by the Calculation Agent. In the event that the Interbank Rate 2 Screen Page is not available or no such offered quotation appears, the Calculation Agent will determine the Interbank Rate 2 as the rate it determines would have prevailed but for such non-availability or other event acting in good faith and in a commercially reasonable manner;

**Interbank Rate 2 Screen Page** means the source specified in the applicable Final Terms;

**Interbank Rate 2 Specified Time** means the time specified in the applicable Final Terms or, if no such time is specified, the customary time as of which the relevant Interbank Rate 2 is published;

**"Local Business Day"** means a day (other than a Saturday or a Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the Local Business Day Centre(s) specified in the applicable Final Terms;

**"Observation Price"** means the "official level", "opening price", "official close", "closing price", "purchase price", "sale price", "last price", "bid price", "asked price", "traded price", "official settlement price", "daily settlement price" as specified in the applicable Final Terms, of the Underlying Reference published by the Observation Price Source as determined by the Calculation Agent at the Observation Time(s);

**"Observation Price Source"** means the source specified as such in the applicable Final Terms;

**"Observation Time(s)"** means the time(s) or period(s) of observation specified as such in the applicable Final Terms;

**"Parity"** or **"Ratio"** means the number specified as such in the applicable Final Terms;

**"Relevant Business Day"** means, unless otherwise specified in the applicable Final Terms, an Exchange Business Day (in respect of OET Certificates other than Commodity OET Certificates, Currency OET Certificates or OET Certificates relating to a Custom Index), a Custom Index Business Day (in respect of Custom Index Securities), a Commodity Business Day (in respect of Commodity Securities) or a Scheduled Trading Day (in respect of Currency Securities), as applicable;

**"Reset Date"** means, unless otherwise specified in the applicable Final Terms, each calendar day in the period from and excluding the Issue Date to and including the Redemption Date;

**"Security Percentage"** or **"Stop-Loss Buffer"** means the percentage specified as such in the applicable Final Terms. The Security Percentage may be adjusted by the Calculation Agent on each Reset Date in order to take into account changes in market conditions (including, in particular, volatility), provided that the adjusted Security Percentage (a) unless the Security Percentage is equal to zero, falls between the "Minimum Security Percentage" and the "Maximum Security Percentage" specified in the applicable Final Terms and (b) does not trigger the occurrence of an Automatic Early Redemption Event;

**"Security Threshold"** or **"Stop-Loss Level"** means the amount calculated as follows by the Calculation Agent and rounded upwards or downwards in accordance with the Security Threshold Rounding Rule specified in the applicable Final Terms:

- (a) in the case of OET Call Certificates, an amount equal to the product, rounded in accordance with the Security Threshold Rounding Rule specified in the applicable Final Terms, of (i) the Capitalised Exercise Price as at the relevant Reset Date and (ii) one, plus the Security Percentage; and
- (b) in the case of OET Put Certificates, an amount equal to the product, rounded in accordance with the Security Threshold Rounding Rule, (i) of the Capitalised Exercise Price as at the relevant Reset Date and (ii) one, minus the Security Percentage.

The Security Threshold calculated pursuant to the foregoing shall, subject as provided below, be published for information purposes only (subject to technical problems) during normal business hours on any Local Business Day during the term of the relevant OET Certificates on the OET Website(s) specified in the applicable Final Terms or such other website as may be notified to the Holders;

The Security Threshold, from time to time, calculated by the Calculation Agent shall prevail over the Security Threshold published on the OET Website(s), which is published for information purposes only and may subsequently be corrected should the amount differ from the Security Threshold calculated by the Calculation Agent;

**"Settlement Currency"** means Euro, unless otherwise specified in the applicable Final Terms;

**"Underlying Reference"** means the relevant Index, Share, ETI Interest, Commodity, Subject Currency, Debt Instrument or other basis of reference to which the relevant Certificates relate, as specified in the Product Specific Provisions of the applicable Final Terms; and

**"Valuation Date"** means:

- (a) the date designated as such by the Issuer, in its sole and absolute discretion, provided that such date is determined by the Issuer and notified to the Holders in accordance with W&C Security Condition 10 at the latest on the tenth (10th) Relevant Business Day preceding the contemplated Valuation Date or, if such date is not a Relevant Business Day, the next following Relevant Business Day. Other than in the case of Commodity OET Certificates, the provisions of (a)(i) or (a)(ii), as applicable, of the definition of "Valuation Date" in W&C Security Condition 27 shall apply if any such day is a Disrupted Day and, in the case of Commodity OET Certificates, the provisions

of the definition of "Pricing Date" in the Commodity Security Conditions will apply if such day is a Commodity Disrupted Day; or

- (b) if Automatic Early Redemption is specified as being applicable in the applicable Final Terms and an Automatic Early Redemption Event occurs, the Relevant Automatic Early Redemption Valuation Date or if such date is not a Relevant Business Day, the next following Relevant Business Day,

in each case, subject to adjustment in accordance with the relevant Conditions.

If (i) the Issuer designates a date as being the Valuation Date in accordance with these Terms and Conditions and (ii) an Automatic Early Redemption Event occurs after such designation but prior to the designated Valuation Date, then the Valuation Date shall be deemed to be the Relevant Automatic Early Redemption Valuation Date as determined pursuant to this definition.

## **2. Automatic Early Redemption**

If "Automatic Early Redemption" is specified as being applicable in the applicable Final Terms, then unless previously redeemed or purchased and cancelled, if an Automatic Early Redemption Event occurs, then the Certificates will be automatically redeemed in whole, but not in part, on the date falling the number of Business Days specified in the applicable Final Terms following the Valuation Date (the "**Automatic Early Redemption Date**") and the amount payable by the Issuer upon redemption of each Certificate shall be an amount equal to the relevant Automatic Early Redemption Amount.

## **USE OF PROCEEDS**

The net proceeds from each issue of Securities will become part of the general funds of BNPP B.V. or BNPP, as the case may be. Such proceeds may be used to maintain positions in options or futures contracts or other hedging instruments.

## FORM OF THE BNPP ENGLISH LAW GUARANTEE FOR NOTES

**THIS DEED OF GUARANTEE** is made on 30 September 2016 by BNP Paribas ("**BNPP**") in favour of the Noteholders and the Accountholders (each as defined below) (together, the "**Beneficiaries**").

### WHEREAS:

- (A) BNP Paribas Arbitrage Issuance B.V. ("**BNPP B.V.**") and BNPP have established a Note, Warrant and Certificate Programme (the "**Programme**"). BNPP has authorised the giving of its irrevocable guarantee in relation to the notes issued by BNPP B.V. under the Programme (the "**Notes**").
- (B) BNPP and BNPP B.V. have, in relation to the notes issued under the Programme, entered into an Note Agency Agreement (the "**Agency Agreement**", which expression includes the same as it may be amended, supplemented or restated from time to time) dated on or around 30 September 2016 between, *inter alios*, BNPP B.V., BNPP, BNP Paribas Securities Services, Paris, Succursale de Zurich as agent and BNP Paribas Arbitrage S.N.C. as calculation agent.
- (C) BNPP, and BNPP B.V. have, *inter alia*, in relation to the notes issued under the Programme, executed a deed of covenant (as amended, supplemented and/or restated from time to time, the "**Deed of Covenant**").
- (D) BNPP has agreed to irrevocably guarantee the payment and delivery obligations from time to time of BNPP B.V. in respect of the Notes and under the Deed of Covenant.

**NOW THIS DEED WITNESSES** as follows:

### 1. Definitions and Interpretation

"**Accountholder**" means any accountholder or participant with SIS which at the Relevant Date has credited to its securities account with such SIS one or more entries in respect of a Global Note issued by BNPP B.V., except for any clearing system in its capacity as an accountholder of another Clearing System;

"**Direct Rights**" means the rights referred to in Clause 2 of the Deed of Covenant;

"**Noteholder**" means, in relation to any Note, at any time the person who is the bearer of such Note;

"**person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal entity;

"**Relevant Date**" means, in relation to the payment of any sum or delivery of assets expressed to be payable or deliverable by BNPP B.V. in respect of a Note, whichever is the later of:

- (a) the date on which the payment or delivery in question first become due; and
- (b) if the full amount payable or deliverable has not been received by the Agent on or prior to such date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

"**SIS**" means SIX Swiss Ltd.

Terms defined in the Terms and Conditions of the Notes, as amended by the applicable Final Terms (the "**Conditions**") and/or the Agency Agreement and not otherwise defined in this Deed of Guarantee shall have the same meanings when used in this Guarantee.

Any reference in this Deed of Guarantee to:

- (i) any obligation or payment under or in respect of the Notes shall be construed to include a reference to any obligation or payment under or pursuant to Clause 2 of the Deed of Covenant; and
- (ii) any obligations of, or sums or amounts payable by, BNPP B.V. shall be construed to refer to,
- (iii) in the event of a bail-in of BNPP, such obligations, sums and/or amounts as reduced by reference to, and in the same proportion as, any such reduction or modification applied to liabilities of BNPP following the application of a bail-in of BNPP by any relevant authority (including in a situation where the Guarantee itself is not the subject of such bail-in).

## **2. Guarantee**

Subject as provided below, BNPP hereby irrevocably and unconditionally guarantees:

- (a) to each Noteholder the due and punctual payment of all sums from time to time payable or performance of any other obligation by BNPP B.V. in respect of the Notes on the date specified for such payment or performance and accordingly undertakes to either (i) pay to such Noteholder, forthwith upon the demand of such Noteholder and in the manner and currency prescribed by the Conditions for payments by BNPP B.V. in respect of the Notes, any and every sum or sums which BNPP B.V. is at any time liable to pay in respect of the Notes and which BNPP B.V. has failed to pay or (ii) perform such other obligation for the benefit of such Noteholder which BNPP B.V. has failed to perform on the due date for such performance after a demand has been made on BNPP pursuant to Clause 10 hereof; and
- (b) to each Accountholder the due and punctual payment of all sums from time to time payable or performance of any other obligation by BNPP B.V. in respect of the Direct Rights on the date specified for such payment or performance and accordingly undertakes to either (i) pay to such Accountholder, forthwith upon the demand of such Accountholder and in the manner and currency prescribed by the Conditions for payments by BNPP B.V. in respect of the Notes, any and every sum or sums which BNPP B.V. is at any time liable to pay in respect of the Notes and which BNPP B.V. has failed to pay or (ii) perform such other obligation for the benefit of the Accountholder which BNPP B.V. has failed to perform on the due date for such performance after a demand has been made on BNPP pursuant to Clause 10 hereof,

PROVIDED THAT in the case of Notes (other than Credit Notes) where the obligations of BNPP B.V. which fall to be satisfied by BNPP constitute the delivery of the Entitlement if in the opinion of BNPP such delivery is not practicable by reason of (x) a Settlement Disruption Event (as defined in Condition 4(b)(i)(C)) or (y) if "Failure to Deliver due to Illiquidity" is specified as applying in the applicable Final Terms, a Failure to Deliver due to Illiquidity (as defined in Condition 4(b)(i)(D)), in lieu of such delivery BNPP will make payment in respect of each such Note of, in the case of (x) above, the Disruption Cash Redemption Amount (as defined in Condition 4(b)(i)(C)) or in the case of (y) above, the Failure to Deliver Redemption Amount (as defined in Condition 4(b)(i)(D)). Any payment of the Disruption Cash Redemption Amount or the Failure to Deliver Redemption Amount, as the case may be, in respect of a Note shall constitute a complete discharge of BNPP's obligations in respect of the delivery of the Relevant Assets affected by the Settlement Disruption Event or Failure to Deliver due to Illiquidity, as the case may be.

## **3. Taxation**

Unless the applicable Final Terms specify that Condition 6.2 is applicable to the Notes, the Guarantor covenants in favour of each Noteholder that it will duly perform and comply with the obligations expressed to be undertaken by it in Condition 6.1. In particular, if in respect of any payment to be made under this Deed of Guarantee, any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature is payable, the Guarantor shall pay the additional amounts referred to in Condition 6.1, all subject to and in accordance with the provisions of Condition 6.1.

#### **4. BNPP as Principal Obligor**

As between BNPP and each Beneficiary but without affecting BNPP B.V.'s obligations, BNPP will be liable under this Deed of Guarantee as if it were the sole principal obligor and not merely a surety. Accordingly, it will not be discharged, nor will its liability be affected, by anything which would not discharge it or affect its liability if it were the sole principal obligor (including (1) any time, indulgence, waiver or consent at any time given to BNPP B.V. or any other person, (2) any amendment to any of the Conditions or to any security or other guarantee or indemnity, (3) the making or absence of any demand on BNPP B.V. or any other person for payment or performance of any other obligation in respect of any Note, (4) the enforcement or absence of enforcement of any Note or of any security or other guarantee or indemnity, (5) the taking, existence or release of any such security, guarantee or indemnity, (6) the dissolution, amalgamation, reconstruction or reorganisation of BNPP B.V. or any other person, or (7) the illegality, invalidity or unenforceability of or any defect in any provision of the Conditions, the Agency Agreement or any of BNPP B.V.'s obligations under any of them). BNPP will not raise any objections or defence against a request for payment by the Noteholders which may otherwise be available to BNPP B.V. under the documents giving rise to the relevant obligations of BNPP B.V. (except that BNPP may raise the defence of fraud on the part of any Noteholder).

#### **5. BNPP's Obligations Continuing**

BNPP's obligations under this Deed of Guarantee are and will remain in full force and effect by way of continuing security until no sum remains payable and no other obligation remains to be performed under any Note. Furthermore, those obligations of BNPP are additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of any person, whether from BNPP or otherwise and may be enforced without first having recourse to BNPP B.V., any other person, any security or any other guarantee or indemnity. BNPP irrevocably waives all notices and demands of any kind.

#### **6. Status**

This Deed of Guarantee is an unsubordinated and unsecured obligation of BNPP and will rank *pari passu* with all its other present and future outstanding unsubordinated and unsecured obligations subject to such exceptions as may from time to time be mandatory under French law.

#### **7. Exercise of BNPP's rights**

So long as any sum remains payable under any Note or this Deed of Guarantee, BNPP shall not exercise or enforce any right, by reason of the performance of any of its obligations under this Deed of Guarantee, to be indemnified by BNPP B.V. or to take the benefit of or enforce any security or other guarantee or indemnity.

#### **8. Discharge by BNPP B.V.**

If any payment received by, or other obligation discharged to or to the order of, any Noteholder is, on the subsequent bankruptcy or insolvency of BNPP B.V., avoided under any laws relating to bankruptcy or insolvency, such payment or obligation will not be considered as having discharged or diminished the liability of BNPP and this Deed of Guarantee will continue to apply as if such payment or obligation had at all times remained owing due by BNPP B.V.

#### **9. Indemnity**

As a separate and alternative stipulation, BNPP unconditionally and irrevocably agrees:

- (a) that any sum or obligation which, although expressed to be payable or deliverable under the Notes, is for any reason (whether or not now existing and whether or not now known or becoming known to BNPP B.V., BNPP or any Noteholder) not recoverable from BNPP on the basis of a guarantee will nevertheless be recoverable from it as if it were the sole principal obligor and will be paid or performed by it in favour of the Noteholder on demand; and

- (b) as a primary obligation to indemnify each Beneficiary against any loss suffered by it as a result of any sum or obligation expressed to be payable or deliverable under the Notes not being paid or performed by the time, on the date and otherwise in the manner specified in the Notes or any obligation of BNPP B.V. under the Notes being or becoming void, voidable or unenforceable for any reason (whether or not now existing and whether or not known or becoming known to BNPP B.V., BNPP or any Beneficiary), in the case of a payment obligation the amount of that loss being the amount expressed to be payable by BNPP B.V. in respect of the relevant sum,

PROVIDED THAT the proviso to Clause 2 of this Guarantee shall apply mutatis mutandis to this Clause 9.

#### **10. Incorporation of Terms**

BNPP agrees that it shall comply with and be bound by those provisions contained in the Conditions which relate to it.

#### **11. Deposit of Guarantee**

This Deed of Guarantee shall be deposited with and held by BNP Paribas Securities Services, Paris, Succursale de Zurich for the benefit of the Beneficiaries.

#### **12. Demand on BNPP**

Any demand hereunder shall be given in writing addressed to BNPP served at its office at CIB Legal, 3 rue Taitbout, 75009 Paris, France. A demand so made shall be deemed to have been duly made two Paris Business Days (as used herein, "**Paris Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for business in Paris) after the day it was served or if it was served on a day that was not a Paris Business Day or after 5.30 p.m. (Paris time) on any day, the demand shall be deemed to be duly made two Paris Business Days after the Paris Business Day immediately following such day.

#### **13. Governing law**

This Deed of Guarantee and any non-contractual obligations arising out of or in connection herewith shall be governed by and construed in accordance with English law.

#### **14. Jurisdiction**

The courts of England shall have exclusive jurisdiction to settle any disputes arising out of or in connection with this Guarantee including a dispute relating to any non-contractual obligations arising out of or in connection herewith.

#### **15. Service of Process**

The Guarantor irrevocably appoints its London branch at its registered office at 10 Harewood Avenue, London NW1 6AA, as its agent under this Guarantee for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of its London branch being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Guarantor agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing in this clause shall affect the right to serve process in any other manner permitted by law.

#### **16. Contracts (Rights of Third Parties) Act 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Guarantee, but this does not affect any right or remedy of any person which exists or is available apart from that Act.



Executed as a Deed

|                            |   |
|----------------------------|---|
| By BNP PARIBAS             | ) |
| acting by                  | ) |
| acting under the authority | ) |
| of that company            | ) |

**IN WITNESS** whereof this Deed of Guarantee has been executed and delivered by

BNP Paribas as a deed on the date first above-mentioned.

Witness's signature:

Name:

Address:

## FORM OF THE ENGLISH LAW GUARANTEE IN RESPECT OF W&C SECURITIES

**THIS GUARANTEE** is made by way of deed on 30 September 2016 by BNP Paribas ("**BNPP**") in favour of the holders for the time being of the Securities (as defined below) (each a "**Holder**").

### WHEREAS:

BNP Paribas Arbitrage Issuance B.V. ("**BNPP B.V.**") and BNPP have established a Note, Warrant and Certificate Programme (the "**Programme**") under which, *inter alia*, BNPP B.V. may from time to time issue unsecured warrants and certificates governed by English law (the "**Securities**") of any kind including, but not limited to, those relating to a specified index or a basket of indices, a specified share, preference share, GDR or ADR or a basket of shares, GDRs and/or ADRs, a specified interest in an exchange traded instrument or basket of interests in exchange traded instruments, a specified debt instrument or basket of debt instruments, a specified commodity or commodity index or basket of commodities and/or commodity indices, a specified inflation index or basket of inflation indices, a specified currency or basket of currencies, a specified fund share or unit or basket of fund shares or units or Credit Securities, Open End Certificates or Turbo Open End Certificates. BNPP intends to guarantee the obligations of BNPP B.V. under the Securities.

The Securities may be issued pursuant to (a) an Agency Agreement (the "**Agency Agreement**", which expression includes the same as it may be amended, supplemented or restated from time to time) dated 30 September 2016 between, *inter alia*, BNPP B.V. and BNPP, BNP Paribas Securities Services, Paris, Succursale de Zurich or (b) any other agency or analogous agreement entered into by BNPP and/or BNPP B.V. from time to time.

Terms defined in the Terms and Conditions of the Securities, as amended and/or supplemented by the applicable Final Terms (the "**Conditions**") and not otherwise defined in this Deed of Guarantee shall have the same meanings when used in this Guarantee.

Any reference in this Guarantee to any obligations or sums or amounts payable under or in respect of the Securities by BNPP B.V. shall be construed to refer to, if applicable, in the event of a bail-in of BNPP, such obligations, sums and/or amounts as reduced by reference to, and in the same proportion as, any such reduction or modification applied to liabilities of BNPP following the application of a bail-in of BNPP by any relevant authority (including in a situation where the Guarantee itself is not the subject of such bail-in).

In respect of all Securities issued on or after the date of this Guarantee, this Guarantee replaces the guarantee dated 8 October 2015 granted by the Guarantor in respect of Securities issued under the Programme.

**NOW THIS DEED WITNESSES** as follows:

### 1. Guarantee

Subject as provided below, BNPP unconditionally and irrevocably guarantees by way of deed poll to each Holder that, if for any reason BNPP B.V. does not pay any sum payable by it or perform any other obligation in respect of any Security on the date specified for such payment or performance BNPP will, in accordance with the Conditions pay that sum in the currency in which such payment is due in immediately available funds or, as the case may be, perform or procure the performance of the relevant obligation on the due date for such performance. In case of the failure of BNPP B.V. to satisfy such obligations as and when the same become due, BNPP hereby undertakes to make or cause to be made such payment or satisfy or cause to be satisfied such obligations as though BNPP were the principal obligor in respect of such obligation after a demand has been made on BNPP pursuant to Clause 8 hereof PROVIDED THAT in the case of Securities other than Credit Securities (A) in the case of Physical Delivery Securities where BNPP B.V. has the obligation, pursuant to the terms and conditions of the relevant Security, to deliver the Entitlement, notwithstanding that BNPP B.V. had the right to vary settlement in respect of such Physical Delivery Securities in accordance with Condition 5.3 and exercised such right or failed to exercise such right, BNPP will have the right at its sole and unfettered discretion to elect

not to deliver or procure delivery of the Entitlement to the Holders of such Physical Delivery Securities, but in lieu thereof, to make payment in respect of each such Physical Delivery Securities of an amount equal to the Guaranteed Cash Settlement Amount (as defined in the Conditions) and (B) in the case of Securities where the obligations of BNPP B.V. which fall to be satisfied by BNPP constitute the delivery of the Entitlement to the Holders, BNPP will as soon as practicable following BNPP B.V.'s failure to satisfy its obligations under such Securities deliver or procure delivery of such Entitlement using the method of delivery specified in the applicable Final Terms provided that, if in the opinion of BNPP, delivery of the Entitlement using such method is not practicable by reason of (i) a Settlement Disruption Event (as defined in Condition 5.1) or (ii) a Failure to Deliver due to Illiquidity (as defined in Condition 5.2) (if "Failure to Deliver due to Illiquidity" is specified as applying in the applicable Final Terms), in lieu of such delivery BNPP will make payment in respect of each such Security of, in the case of (i) above, the Guaranteed Cash Settlement Amount or, in the case of (ii) above, the Failure to Deliver Settlement Price (as defined in Condition 15.2). Any payment of the Guaranteed Cash Settlement Amount or the Failure to Deliver Settlement Price, as the case may be, in respect of a Security shall constitute a complete discharge of BNPP's obligations in respect of such Security.

## **2. BNPP as Principal Obligor**

As between BNPP and the Holder of each Security but without affecting BNPP B.V.'s obligations, BNPP will be liable under this Guarantee as if it were the sole principal obligor and not merely a surety. Accordingly, it will not be discharged, nor will its liability be affected, by anything which would not discharge it or affect its liability if it were the sole principal obligor (including (1) any time, indulgence, waiver or consent at any time given to BNPP B.V. or any other person, (2) any amendment to any of the Conditions or to any security or other guarantee or indemnity, (3) the making or absence of any demand on BNPP B.V. or any other person for payment or performance of any other obligation in respect of any Security, (4) the enforcement or absence of enforcement of any Security or of any security or other guarantee or indemnity, (5) the taking, existence or release of any such security, guarantee or indemnity, (6) the dissolution, amalgamation, reconstruction or reorganisation of BNPP B.V. or any other person, or (7) the illegality, invalidity or unenforceability of or any defect in any provision of the Conditions, the Agency Agreement or any of BNPP B.V.'s obligations under any of them). BNPP will not raise any objections or defence against a request for payment by the Holders which may otherwise be available to BNPP B.V. under the documents giving rise to the relevant obligations of BNPP B.V. (except that BNPP may raise the defence of fraud on the part of any Holder).

## **3. BNPP's Obligations Continuing**

BNPP's obligations under this Guarantee are and will remain in full force and effect by way of continuing security until no sum remains payable and no other obligation remains to be performed under any Security (in the case where the relevant Security is a Warrant, subject to its exercise). Furthermore, those obligations of BNPP are additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of any person, whether from BNPP or otherwise and may be enforced without first having recourse to BNPP B.V., any other person, any security or any other guarantee or indemnity. BNPP irrevocably waives all notices and demands of any kind.

## **4. Status**

This Guarantee is an unsubordinated and unsecured obligation of BNPP and will rank *pari passu* with all its other present and future unsubordinated and unsecured obligations, subject to such exceptions as may from time to time be mandatory under French law.

## **5. Exercise of BNPP's rights**

So long as any sum remains payable under the Securities or this Guarantee, BNPP shall not exercise or enforce any right, by reason of the performance of any of its obligations under this Guarantee, to be indemnified by BNPP B.V. or to take the benefit of or enforce any security or other guarantee or indemnity.

## **6. Discharge by BNPP B.V.**

If any payment received by, or other obligation discharged to or to the order of, the Holder of any Security is, on the subsequent bankruptcy or insolvency of BNPP B.V., avoided under any laws relating to bankruptcy or insolvency, such payment or obligation will not be considered as having discharged or diminished the liability of BNPP and this Guarantee will continue to apply as if such payment or obligation had at all times remained owing due by BNPP B.V.

## **7. Indemnity**

As a separate and alternative stipulation, BNPP unconditionally and irrevocably agrees (1) that any sum or obligation which, although expressed to be payable or deliverable under the Securities, is for any reason (whether or not now existing and whether or not now known or becoming known to BNPP B.V., BNPP or any Holder) not recoverable from BNPP on the basis of a guarantee will nevertheless be recoverable from it as if it were the sole principal obligor and will be paid or performed by it in favour of the Holder on demand and (2) as a primary obligation to indemnify each Holder against any loss suffered by it as a result of any sum or obligation expressed to be payable or deliverable under the Securities not being paid or performed by the time, on the date and otherwise in the manner specified in the Securities or any obligation of BNPP B.V. under the Securities being or becoming void, voidable or unenforceable for any reason (whether or not now existing and whether or not known or becoming known to BNPP B.V., BNPP or any Holder), in the case of a payment obligation the amount of that loss being the amount expressed to be payable by BNPP B.V. in respect of the relevant sum, PROVIDED THAT the proviso to Clause 2 of this Guarantee shall apply mutatis mutandis to this Clause 7.

## **8. Incorporation of Terms**

BNPP agrees that it shall comply with and be bound by those provisions contained in the Conditions which relate to it.

## **9. Deposit of Guarantee**

This Guarantee shall be deposited with and held by BNP Paribas Securities Services, Paris, Succursale de Zurich for the benefit of the Holders.

## **10. Demand on BNPP**

Any demand hereunder shall be given in writing addressed to BNPP served at its office at CIB Legal, 3 rue Taitbout, 75009 Paris, France. A demand so made shall be deemed to have been duly made two Paris Business Days (as used herein, "**Paris Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for business in Paris) after the day it was served or if it was served on a day that was not a Paris Business Day or after 5.30 p.m. (Paris time) on any day, the demand shall be deemed to be duly made two Paris Business Days after the Paris Business Day immediately following such day.

## **11. Governing law**

This Guarantee and any non-contractual obligations arising out of or in connection herewith shall be governed by and construed in accordance with English law.

## **12. Jurisdiction**

The courts of England shall have exclusive jurisdiction to settle any disputes arising out of or in connection with this Guarantee including a dispute relating to any non-contractual obligations arising out of or in connection herewith.

## **13. Service of Process**

The Guarantor irrevocably appoints its London branch at its registered office at 10 Harewood Avenue, London NW1 6AA, as its agent under this Guarantee for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of its London branch being unable or unwilling for any reason so to act, it will

immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Guarantor agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing in this clause shall affect the right to serve process in any other manner permitted by law.

**14. Contracts (Rights of Third Parties) Act 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Guarantee, but this does not affect any right or remedy of any person which exists or is available from that Act.

Executed as a Deed

|                            |   |
|----------------------------|---|
| By BNP PARIBAS             | ) |
| acting by                  | ) |
| acting under the authority | ) |
| of that company            | ) |

**IN WITNESS** whereof this Guarantee has been executed and delivered by BNP Paribas as a deed on the date first above-mentioned.

Witness's signature:

Name:

Address:

## FORM OF THE FRENCH LAW GUARANTEE

**THIS GUARANTEE** is made by BNP Paribas ("**BNPP**") in favour of the holders for the time being of the Securities (as defined below) (each a "**Holder**").

### WHEREAS:

BNP Paribas Arbitrage Issuance B.V. ("**BNPP B.V.**") and BNPP have established a Note, Warrant and Certificate Programme (the "**Programme**") under which, *inter alia*, BNPP B.V. may from time to time issue unsecured notes, warrants and certificates governed by French law (together, the "**Securities**") of any kind including, but not limited to, those relating to a specified index or a basket of indices, a specified share, preference share, GDR or ADR or a basket of shares, GDRs and/or ADRs, a specified interest in an exchange traded instrument or basket of interests in exchange traded instruments, a specified debt instrument or basket of debt instruments, a specified commodity or commodity index or basket of commodities and/or commodity indices, a specified inflation index or basket of inflation indices, a specified currency or basket of currencies, a specified fund share or unit or basket of fund shares or units or Credit Securities, Open End Certificates or Turbo Open End Certificates. BNPP intends to guarantee the obligations of BNPP B.V. under the Securities.

The Securities may be issued pursuant to (a) an Agency Agreement (the "**Agency Agreement**", which expression includes the same as it may be amended, supplemented or restated from time to time) dated 30 September 2016 between, *inter alia*, BNPP B.V., BNPP and BNP Paribas Securities Services, Paris, Succursale de Zurich or (b) any other agency or analogous agreement entered into by BNPP and/or BNPP B.V. from time to time.

Terms defined in the Terms and Conditions of the W&C Securities, as amended and/or supplemented by the applicable Final Terms (the "**W&C Conditions**") and terms defined in the Terms and Conditions of the Notes, as amended and/or supplemented by the applicable Final Terms (the "**Note Conditions**" and, together with the W&C Conditions, the "**Conditions**") and not otherwise defined in this Guarantee shall have the same meanings when used in this Guarantee.

Any reference in this Guarantee to any obligations or sums or amounts payable under or in respect of the Securities by BNPP B.V. shall be construed to refer to, if applicable, in the event of a bail-in of BNPP, such obligations, sums and/or amounts as reduced by reference to, and in the same proportion as, any such reduction or modification applied to liabilities of BNPP following the application of a bail-in of BNPP by any relevant authority (including in a situation where the Guarantee itself is not the subject of such bail-in).

In respect of all Securities issued on or after the date of this Guarantee, this Guarantee replaces the guarantee dated 8 October 2015 granted by BNPP in respect of Securities issued under the Programme.

### 1. Guarantee

Subject as provided below, BNPP unconditionally and irrevocably guarantees to each Holder that, if for any reason BNPP B.V. does not pay any sum payable by it or perform any other obligation in respect of any Security on the date specified for such payment or performance BNPP will, in accordance with the relevant Conditions pay that sum in the currency in which such payment is due in immediately available funds or, as the case may be, perform or procure the performance of the relevant obligation on the due date for such performance PROVIDED THAT in the case of Securities other than Credit Securities (A) in the case of Physical Delivery Securities where BNPP B.V. has the obligation, pursuant to the terms and conditions of the relevant Security, to deliver the Entitlement, notwithstanding that BNPP B.V. had the right to vary settlement in respect of such Physical Delivery Securities in accordance with W&C Condition 5.3) and exercised such right or failed to exercise such right, BNPP will have the right at its sole and unfettered discretion to elect not to deliver or procure delivery of the Entitlement to the Holders of such Physical Delivery Securities, but in lieu thereof, to make payment in respect of each such Physical Delivery Securities of an amount equal to the Guaranteed Cash Settlement Amount (as defined in the W&C Conditions) and (B) in the case of Securities where the obligations of BNPP B.V. which fall to be satisfied by BNPP constitute the delivery of the Entitlement to the Holders, BNPP will as soon as practicable

following BNPP B.V.'s failure to satisfy its obligations under such Securities deliver or procure delivery of such Entitlement using the method of delivery specified in the applicable Final Terms provided that, if in the opinion of BNPP, delivery of the Entitlement using such method is not practicable by reason of (i) a Settlement Disruption Event (as defined, as applicable, in W&C Condition 5.1 or Note Condition 4(b)(i)(C)) or (ii) if "Failure to Deliver due to Illiquidity" is specified as applying in the applicable Final Terms, a Failure to Deliver due to illiquidity (as defined, as applicable, in W&C Security Condition 5.2 or Note Condition 4(b)(i)(D)), in lieu of such delivery BNPP will make payment in respect of each such Security of, in the case of (i) above, in respect of Warrants and Certificates the Guaranteed Cash Settlement Amount (as defined in W&C Condition 4) in respect of Notes, the Disruption Cash Redemption Amount (as defined in Note Condition 4(b)(i)(C)) or, in the case of (ii) above, in respect of Warrants and Certificates the Failure to Deliver Settlement Price (as defined in W&C Condition 15.2) or, in respect of Notes, the Failure to Deliver Redemption Amount (as defined in Note Condition 4(b)(i)(D)). Any payment of the Guaranteed Cash Settlement Amount the Disruption Cash Redemption Amount, the Failure to Deliver Redemption Amount or the Failure to Deliver Settlement Price, as the case may be, in respect of a Security shall constitute a complete discharge of BNPP's obligations in respect of such Security.

## **2. Joint liability of BNPP and BNPP B.V.**

BNPP hereby acknowledges, absolutely and without right to claim the benefit of any legal circumstances amounting to an exemption from liability or a guarantor's defence, that it is bound by the obligations specified below. Accordingly, BNPP acknowledges that it will not be released from liability, nor will its liability be reduced, at any time, by extension or grace periods regarding payment or performance, any waiver or any consent granted to BNPP B.V. or to any other person, or by the failure of any execution proceedings brought against BNPP B.V. or any other person. Furthermore, BNPP acknowledges that (1) it will not be relieved of its obligations in the event that BNPP B.V.'s obligations become void for reasons relating to BNPP B.V.'s capacity, limitation of powers or lack thereof (including any lack of authority of persons having entered into contracts in the name, or on behalf, of BNPP B.V.), (2) its obligations under this Guarantee will remain valid and in full effect notwithstanding the dissolution, merger, takeover or reorganisation of BNPP B.V., as well as the opening of insolvency proceedings (*procédures collectives*), or any other proceedings similar to receivership or liquidation proceedings, in respect of BNPP B.V., (3) it will not avail itself of any subrogation rights in respect of the Holders' rights and that it will take no steps to enforce any rights or demands against BNPP B.V., so long as any amounts remain due; or any obligation remains unperformed, under the Securities, (4) its duties under this Guarantee will not be conditional on or subject to the validity or execution of any other security granted by BNPP B.V. or any other person to the Holders, or to the existence or creation of any security for the benefit of the Holders, and (5) neither the notification of, nor the serving of a formal request upon, BNPP B.V. or any other person is a prior condition to a payment or performance by BNPP under this Guarantee.

## **3. BNPP's continuing liability**

BNPP's obligations under this Guarantee will remain valid and in full effect so long as any amounts remain outstanding, or any obligation remains unperformed, under the Securities.

## **4. Status**

This Guarantee is an unsubordinated and unsecured obligation of BNPP and will rank *pari passu* with all its other present and future unsubordinated and unsecured obligations, subject to such exceptions as may from time to time be mandatory under French law.

## **5. Exercise of BNPP's rights**

So long as any sum remains payable under the Securities or this Guarantee, BNPP shall not exercise or enforce any right, by reason of the performance of any of its obligations under this Guarantee, to be indemnified by BNPP B.V. or to take the benefit of or enforce any security or other guarantee or indemnity.

**6. BNPP B.V. repayment**

If a payment received by, or other obligation discharged to or to the order of, any Holder is declared null and void under any rule relating to insolvency proceedings (*procédures collectives*), or any other procedure similar to the receivership or liquidation of BNPP B.V., such payment or obligation will not reduce BNPP's obligations and this Guarantee will continue to apply as if such payment or obligation had always been due from BNPP B.V.

**7. Conditions binding**

BNPP declares (i) that it has full knowledge of the provisions of the Conditions, (ii) that it will comply with them and (iii) that it will be bound by them.

**8.** This Guarantee is granted by BNPP in respect of all Securities issued during a period of thirteen (13) months from the date of its signature.

**9. Demand on BNPP**

Any demand hereunder shall be given in writing addressed to BNPP served at its office at CIB Legal, 3 Rue Taitbout, 75009 Paris, France. A demand so made shall be deemed to have been duly made two Paris Business Days (as used herein, "**Paris Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for business in Paris) after the day it was served or if it was served on a day that was not a Paris Business Day or after 5.30 p.m. (Paris time) on any day, the demand shall be deemed to be duly made two Paris Business Days after the Paris Business Day immediately following such day.

**10. Governing law and jurisdiction**

This Guarantee is governed by, and shall be construed in accordance with, French law and the competent courts within the jurisdiction of the Paris Court of Appeal (*Cour d'Appel de Paris*) will be competent to settle any litigation or proceedings relating to this Guarantee.

Executed in Paris in one original, on 30 September 2016.

BNP PARIBAS

By:



## DESCRIPTION OF BNP PARIBAS ARBITRAGE ISSUANCE B.V. AND BNPP

### 1. Name, registered office and date of incorporation

#### BNPP B.V.

- (a) The legal and commercial name of the company is BNP Paribas Arbitrage Issuance B.V.
- (b) BNPP B.V. is a limited liability company under Dutch law ("*besloten vennootschap met beperkte aansprakelijkheid*"), having its registered office at Herengracht 595, 1017 CE Amsterdam, The Netherlands. BNPP B.V. is incorporated in The Netherlands and registered with the Commercial Register in The Netherlands under number 33215278 (telephone number: + 31 (0)88 738 0000).
- (c) BNPP B.V. was incorporated on 10 November 1989 with unlimited duration.

#### BNPP

BNP Paribas is a French société anonyme incorporated in France and registered with the Registre du Commerce et des Sociétés in Paris under number 662 042 449 (APE business identifier code: 651 C), licensed to conduct banking operations under the French Monetary and Financial Code, Book V, Section 1 (*Code Monétaire et Financier, Livre V, Titre 1er*). The Bank was founded pursuant to a decree dated 26 May 1966. BNPP is domiciled in France; its registered office is located at 16, boulevard des Italiens, - 75009 Paris, France. BNPP is governed by the specific rules relating to its status as an establishment in the banking sector (Book V, Section 1 of the French Monetary and Financial Code - *Code Monétaire et Financier, Livre V, Titre 1er*), the provisions of the French Commercial Code (*Code de Commerce*) concerning commercial companies and by its Articles of Association.

The Bank's legal duration was extended on 17 September 1993 for a period of 99 years. Each financial year begins on 1 January and ends on 31 December.

### 2. Group Structure of the BNP Paribas Group

BNPP, Europe's leading provider of banking and financial services, has four domestic retail banking markets in Europe, namely in Belgium, France, Italy and Luxembourg.

It is present in 74 countries and has more than 189,000 employees, including close to 147,000 in Europe.

BNPP holds key positions in its two main businesses:

- **Retail Banking and Services**, which includes:
  - Domestic Markets, comprising:
    - French Retail Banking (FRB),
    - BNL banca commerciale (BNL bc), Italian retail banking,
    - Belgian retail Banking (BRB),
    - Other Domestic Markets activities, including Luxembourg Retail Banking (LRB);
  - International Financial Services, comprising:
    - European-Mediterranean,
    - BancWest,

- Personal Finance,
- Insurance,
- Wealth and Asset Management;
- **Corporate and Institutional Banking (CIB) which includes:**
  - Corporate Banking,
  - Global Markets,
  - Securities Services.

BNP Paribas SA is the parent company of the BNP Paribas Group.

### 3. Business Overview

#### **BNPP B.V.**

- (i) BNPP B.V.'s objects (as set out in Article 3 of its Articles of Association) are:
- (a) to borrow, lend out and collect monies, including but not limited to the issue or the acquisition of debentures, debt instruments, financial instruments such as, among others, notes, warrants and certificates of any nature, with or without indexation based on, *inter alia*, shares, baskets of shares, stock exchange indices, currencies, commodities or futures on commodities, and to enter into related agreements;
  - (b) to finance enterprises and companies;
  - (c) to establish and to in any way participate in, manage and supervise enterprises and companies;
  - (d) to offer advice and to render services to enterprises and companies with which the company forms a group of companies, and to third parties;
  - (e) to grant security, to bind the company and to encumber assets of the company for the benefit of enterprises and companies with which the company forms a group of companies, and of third parties;
  - (f) to acquire, manage, exploit and dispose of registered property and asset value in general;
  - (g) to trade in currencies, securities and asset value in general;
  - (h) to exploit and trade in patents, trademark rights, licences, know-how and other industrial rights of ownership;
  - (i) to engage in industrial, financial and commercial activities of any nature, and
- all other things as may be deemed incidental or conducive to the attainment of the above objects, in the broadest sense of the word.
- (ii) BNPP B.V. competes with other issuers in the issuance of financial instruments and securities.
- (iii) BNPP B.V. is a BNP Paribas Group issuance vehicle, specifically involved in the issuance of structured securities, which are developed, setup and sold to investors by other companies in the group. The securities are hedged by matching derivative contracts and/or collateral contracts with BNP Paribas Arbitrage S.N.C. or BNP

Paribas SA. Given the function of BNPP B.V. within the BNP Paribas Group and its asset and liabilities structure, the company generates a limited profit.

- (iv) The securities issued by BNPP B.V. are sold to institutional clients, retail and high net worth individuals in Europe, Africa, Asia and Americas, either directly by BNPP or through third party distributors.

#### **BNPP**

BNPP's objects (as set out in Article 3 of its Articles of Association) are:

The purpose of BNP PARIBAS shall be to provide and carry out the following services with any individual or legal entity, in France and abroad, subject to compliance with the French laws and regulations applicable to credit institutions licensed by the Credit Institutions and Investment Firms Committee (Comité des Établissements de Crédit et des Entreprises d'Investissement):

- any and all investment services,
- any and all services related to investment services,
- any and all banking transactions,
- any and all services related to banking transactions,
- any and all equity investments,

as defined in the French Monetary and Financial Code Book III – Section 1 (*Code Monétaire et Financier, Livre III, Titre Ier*) governing banking transactions and Section II (Titre II) governing investment services and related services.

On a regular basis, BNP PARIBAS may also conduct any and all other activities and any and all transactions in addition to those listed above, in particular any and all arbitrage, brokerage and commission transactions, subject to compliance with the regulations applicable to banks.

In general, BNP PARIBAS may, on its own behalf, and on behalf of third parties or jointly therewith, perform any and all financial, commercial, industrial or agricultural, personal property or real estate transactions directly or indirectly related to the activities set out above or which further the accomplishment thereof.

#### **4. Trend Information**

Due to BNPP B.V. dependence upon BNPP its trend information is the same as that for BNPP set out on pages 126 and 127 of the BNPP 2015 Registration Document.

#### **5. Share capital**

##### **BNPP B.V.**

The authorised share capital is composed of €225,000 divided into 225,000 shares of €1 each. The issued share capital is €45,379, divided in 45,379 shares of €1 each.

All shares are ordinary registered shares and fully paid up and no share certificates have been issued. 100 per cent. of the share capital is held by BNPP.

##### **BNPP**

At 11 July 2016, BNPP's share capital stood at EUR 2,492,925,268 divided into 1,246,462,634 shares with a par value of EUR 2 each.

The shares are all fully paid-up and are held in registered or bearer form at the choice of their holders, subject to compliance with the relevant legal provisions. None of the BNPP's shares entitle their holders to an increased dividend or double voting rights or limit the exercise of voting rights.

## 6. Outstanding options and bonds

### BNPP B.V.

BNPP B.V. has not issued convertible bonds or options giving any right on the shares of BNPP B.V. As regards the outstanding issued securities and related OTC contracts at 30 June 2016, reference is made to Note 3 to the Interim Financial Statements for the period ending 30 June 2016.

### BNPP

#### STOCK SUBSCRIPTION OPTION PLAN

| Characteristics of the plan  |               |                    |  |                               |                    |   | Options outstanding at end of period |  |
|--|---------------|--------------------|--|-------------------------------|--------------------|---|--------------------------------------|--|
| Originating company  | Date of grant | Number of grantees | Number of options granted <sup>(1)</sup> | Start date of exercise period | Option expiry date | Adjusted exercise price (in euros) <sup>(1)</sup> | Number of options <sup>(1)</sup>     | Remaining period until expiry of options (years) |
| BNP Paribas SA <sup>(2)</sup>  | 18/04/2008    | 2,402              | 4,085,347                                | 18/04/2012                    | 15/04/2016         | 64.47   | 3,270,321                            | 0.3  |
| BNP Paribas SA <sup>(2)</sup>  | 06/04/2009    | 1,397              | 2,437,234                                | 08/04/2013                    | 05/04/2017         | 35.11   | 1,016,769                            | 1.3  |
| BNP Paribas SA <sup>(2)</sup>  | 05/03/2010    | 1,820              | 2,423,700                                | 05/03/2014                    | 02/03/2018         | 51.20   | 1,884,845                            | 2.2  |
| BNP Paribas SA <sup>(2)</sup>  | 04/03/2011    | 1,915              | 2,296,820                                | 04/03/2015                    | 04/03/2019         | 56.45   | 2,030,024                            | 3.2  |
| <b>TOTAL OPTIONS OUTSTANDING AT END OF PERIOD</b>  |               |                    |  |                               |                    |   | <b>8,201,959</b>                     |  |
| (1) The number of options and the exercise price have been adjusted, where appropriate, for the detachment of pre-emptive subscription rights on 30 September 2009, in accordance with the regulations in force.   |               |                    |  |                               |                    |   |                                      |  |
| (2) The plan is subject to vesting conditions under which a proportion of the options granted to employees is conditional upon the performance of the BNP Paribas share relative to the Dow Jones EURO STOXX Banks index during the applicable holding period. Based on this relative performance condition, the adjusted exercise price for these options has been set at EUR 67.74 for 214,186 options under the 4 March 2011 plan, outstanding at the year-end. |               |                    |  |                               |                    |   |                                      |  |

#### BNPP DEBT SECURITIES MEASURED AT AMORTISED COST

| Issuer/Issue date   | Currency | Original<br>amount in<br>foreign<br>currency | Date of call<br>or interest<br>step-up | Interest<br>rate | Interest<br>step-up | Conditions<br>precedent<br>for coupon<br>payment <sup>(1)</sup> | Amount <sup>(2)</sup><br>eligible to<br>Tier 1 | Amount <sup>(2)</sup><br>eligible to<br>Tier 2 | 31<br>December<br>2015 | 31<br>December<br>2014 |
|---|----------|--|--|------------------|---------------------|---|--|--|------------------------|------------------------|
|   |          | (millions)                                   |  |                  |                     |   |  |  |                        |                        |
| <i>In millions of euros</i>   |          |  |  |                  |                     |   |  |  |                        |                        |
| Debt securities   |          |  |  |                  |                     |   |  |  | 159,447                | 187,074                |
| Debt securities in issue with an initial maturity of less than one year |          |  |  |                  |                     |   |  |  | 80,488                 | 95,673                 |
| Negotiable debt securities  |          |  |  |                  |                     |   |  |  | 80,488                 | 95,673                 |
| Debt securities in issue with an initial maturity of more than one year |          |  |  |                  |                     |   |  |  | 78,959                 | 91,401                 |

|  |     |       |          |                |         |    |          |               |
|--|-----|-------|----------|----------------|---------|----|----------|---------------|
| Negotiable debt securities                         |     |       |          |                |         |    | 70,918   | 80,079        |
| Bonds  |     |       |          |                |         |    | 8,041    | 11,322        |
| <b>Subordinated debt</b>                           |     |       |          |                |         |    | - 10,689 | 16,544 13,936 |
| <b>Redeemable subordinated debt</b> <sup>(3)</sup> |     |       |          |                |         |    | - 9,870  | 14,700 12,095 |
| <b>Undated subordinated notes</b> <sup>(3)</sup>   |     |       |          |                |         |    | - 597    | 1,613 1,607   |
| TMO -  |     |       |          |                |         |    |          |               |
| BNP Paribas SA Oct. 85                             | EUR | 305   | -        | 0.25%          | -       | B  | 254      | 254 254       |
| 6-month<br>Libor                                   |     |       |          |                |         |    |          |               |
| BNP Paribas SA Sept. 86                            | USD | 500   | -        | +0.075%        | -       | C  | 252      | 252 226       |
| 3-month<br>Euribor                                 |     |       |          |                |         |    |          |               |
| BNP Paribas Cardif Nov. 14                         | EUR | 1,000 | Nov. -25 | 4.032%         | +393 bp | D  |          | 1,000 1,000   |
| Others   |     |       |          |                |         |    | 91       | 107 127       |
| <b>Participating notes</b>                         |     |       |          |                |         |    | - 222    | 222 222       |
| BNP Paribas SA July 84 <sup>(4)</sup>              | EUR | 337   | -        | <sup>(5)</sup> | -       | NA | 215      | 215 215       |
| Others   |     |       |          |                |         |    | 7        | 7 7           |
| <b>Expenses and commission, related debt</b>       |     |       |          |                |         |    | - -      | 9 12          |

(1) Conditions precedent for coupon payment.

*B Payment of the interest is mandatory, unless the Board of Directors decides to postpone these payments after the Shareholders' General Meeting has officially noted that there is no income available for distribution, where this occurs within the 12-month period preceding the due date for payment of the interest. Interest payments are cumulative and are payable in full once dividend payments resume.*

*C Payment of the interest is mandatory, unless the Board of Directors decides to postpone these payments after the Shareholders' General Meeting in ordinary session has validated the decision not to pay out a dividend, where this occurs within the 12-month period preceding the due date for payment of the interest. Interest payments are cumulative and are payable in full once dividend payments resume. The bank has the option of resuming payment of interest arrears, even where no dividend is paid out.*

*D Payment of the interest is mandatory, except for cases of regulatory deficiency, in agreement with the regulator, or of suspension of payments. Interest payments are cumulative and are payable in full, once coupon payments resume, or, if these events occur before, when the issuance is redeemed or when the issuer is liquidated.*

(2) Given the eligibility criteria and prudential adjustments, including amortisation of instruments.

(3) See reference relating to "Debt securities at fair value through profit or loss".

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(4) *The participating notes issued by BNP Paribas SA may be repurchased as provided for in the law of 3 January 1983. The number of notes in the market is 1,434,092.*

(5) *Depending on net income subject to a minimum of 85% of the TMO rate and a maximum of 130% of the TMO rate.*

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## **7. Management**

### **7.1 Management Board**

#### **BNPP B.V.**

The management of BNPP B.V. is composed of a Management Board with one or several members appointed by the general meeting of shareholders.

On 31 January 2016, BNPP has appointed as sole member of the Management Board BNP Paribas Finance B.V., a company established and existing under the laws of The Netherlands, with its registered office at Herengracht 595, 1017 CE Amsterdam, The Netherlands. Mrs. Verstraeten, Mr. Herskovic, Mr. Sibille and Mr. Sijssling as Directors of BNP Paribas Finance B.V. have the power to take all necessary measures in relation to the issue of securities of BNPP B.V..

#### **BNPP**

The members of the Board of Directors of BNPP are displayed on pages 30 to 42 of the BNPP 2015 Registration Document relating to BNPP which is incorporated by reference herein.

### **7.2 Duties of the Management Board**

#### **BNPP B.V.**

Within the limits of the constitutional documents, the Management Board is responsible for the management of BNPP B.V.

#### **BNPP**

The Board of Directors is a collegial body that collectively represents all shareholders and acts in all circumstances in the corporate interests of BNPP.

It ensures a balanced Board and its effective functioning in the best of this interest and in carrying out its duties.

For this purpose:

Upon the proposal submitted by the Chief Executive Officer (CEO), it determines the BNPP business strategy and orientations and supervises its implementation.

It shall handle any issue concerning the smooth running of BNPP and settle matters concerning the Company pursuant to its deliberations.

It may decide to either combine or dissociate the functions of Chairman and Chief Executive Officer.

It appoints Corporate Officers.

It may decide to limit the powers of the Chief Executive Officer.

It approves the Chairman's report attached to the management report.

The Board of Directors or one or more of its Directors or an existing Specialised Committee or an ad hoc committee may:

- assess and perform any or all controls that it considers necessary pursuant to the laws and regulations in force;
- supervise the management of the business and the fairness of its accounts;
- review and close the financial statements; and
- ensure that the financial information disclosed to the shareholders and the markets is of high quality.

The Chairman, or the Chief Executive Officer in case of dissociation of the functions, submits for review by the Board of Directors, at least once a year, drafts of the budget, of the management report and of the various reports required under applicable laws and regulations.

He is required to submit to the Board of Directors for prior approval all investment or disinvestment decisions (other than portfolio transactions) in an amount in excess of EUR 250 million, and any proposal to acquire or dispose of shareholdings (other than portfolio transactions) in excess of that threshold. He also regularly informs the Board of Directors of material transactions which fall below this limit.

Any material strategic transaction which lies outside the approved business strategy must be submitted to the Board of Directors for prior approval.

To the extent that the Board of Directors has delegated to them the necessary powers to issue bonds and assimilated securities and to issue securities giving immediate or future access to the capital of BNPP the Chief Executive Officer or the Chief Operating Officers shall report to the Board of Directors on the issuing of said borrowings or securities.

## **8. Accounts of BNPP B.V.**

### **8.1 Drawing up of annual accounts**

The financial year is the calendar year.

### **8.2 Adoption of annual accounts**

The general meeting of shareholders adopts the annual accounts.

## **9. Material Investments of BNPP B.V.**

BNPP B.V. has made no material investments since the date of its last published financial statements other than those related to the issue of securities and its Management Board has made no firm commitments on such material investments in the future.

## **10. Organisational Structure of BNPP B.V.**

BNPP B.V. is a wholly owned subsidiary of BNPP.

BNPP B.V. is dependent upon BNPP in that BNPP develops and markets the Securities, hedges its market, credit and liquidity risks and guarantees the obligations of BNPP B.V. for any issuance of its securities towards investors.

## **11. Administrative, Management, and Supervisory Bodies of BNPP B.V.**

### **11.1 Names, Business Addresses, Functions and Principal Outside Activities**

The names, functions and principal activities performed by it outside BNPP B.V. which are significant with respect to the only director of BNPP B.V. are:

| <b>Name</b>              | <b>Function</b>   | <b>Principal Outside Activities</b>   |
|--------------------------|-------------------|---|
| BNP Paribas Finance B.V. | Managing Director | The facilitation of primary and secondary debt transactions and trading on behalf of the BNP Paribas Group and manage other Dutch group companies |

## 11.2 Administrative, Management, and Supervisory Bodies Conflicts of Interests

The above-mentioned member of the Management Board of BNPP B.V. does not have potential conflicts of interests, material to the issue of the Securities, between any duties to BNPP B.V. and its interests or other duties.

## 12. Board Practices of BNPP B.V.

### 12.1 Audit Committee

BNPP B.V. does not itself have an audit committee. However, BNPP B.V. is part of the BNP Paribas Group which divides the audit responsibility to review the annual consolidated financial statements of BNPP between a Financial Statement Committee and an Internal Control and Risks Committee.

### 12.2 Corporate Governance

The Dutch Corporate Governance Code of 10 December 2008 only applies to listed companies. The shares of BNPP B.V. are not listed and therefore the code does not apply. Accordingly, BNPP B.V. is not required to make any disclosure regarding compliance with the code.

## 13. Historical Financial Information Concerning BNPP B.V.'s Assets and Liabilities, Financial Position and Profits and Losses

*Selected annual financial information:*

### BALANCE SHEET IN SUMMARY (before appropriation of the net result)

|                                     | <b>31.12.2015</b> | <b>31.12.2014</b> |
|-------------------------------------|-------------------|-------------------|
|                                     | <b>(audited)</b>  | <b>(audited)</b>  |
|                                     | <b>EUR</b>        | <b>EUR</b>        |
| <b>Financial fixed assets</b>       | 30,238,524,334    | 48,545,871,603    |
| <b>Current assets</b>               | 12,804,050,994    | 16,258,961,862    |
| <b>TOTAL ASSETS</b>                 | 43,042,575,328    | 64,804,833,465    |
| <b>Shareholder's equity</b>         | 464,992           | 445,206           |
| <b>Long term liabilities</b>        | 30,238,524,334    | 48,545,871,603    |
| <b>Current liabilities</b>          | 12,803,586,002    | 16,258,516,656    |
| <b>TOTAL EQUITY AND LIABILITIES</b> | 43,042,575,328    | 64,804,833,465    |

| <b>PROFIT AND LOSS ACCOUNT in summary</b> | <b>2015</b>      | <b>2014</b>      |
|---|------------------|------------------|
|   | <b>(audited)</b> | <b>(audited)</b> |



|   | EUR              | EUR              |
|---|------------------|------------------|
| Income including interest received                | 315,670          | 432,323          |
| Costs, including interest paid and the tax charge | 295,884          | 403,280          |
| <b>Profit after taxation</b>                      | 19,786           | 29,043           |
| <b>CASH FLOW STATEMENT in summary</b>             | <b>2015</b>      | <b>2014</b>      |
|   | <b>(audited)</b> | <b>(audited)</b> |
|   | EUR              | EUR              |
| <b>Cash flow from operating activities</b>        | (576,441)        | 623,505          |
| <b>Cash flow from financing activities</b>        | 0                | 0                |
| <b>Increase/Decrease cash at banks</b>            | (576,441)        | 623,505          |
| <b>Cash at bank at December 31</b>                | 76,012           | 652,453          |

*Selected interim financial information:*

**BALANCE SHEET IN SUMMARY**  
(before appropriation of the net result)

|                                     | <b>30.06.2016</b> | <b>31.12.2015</b> |
|-------------------------------------|-------------------|-------------------|
|                                     | EUR               | EUR               |
| <b>Financial fixed assets</b>       | 32,209,558,049    | 30,238,524,334    |
| <b>Current assets</b>               | 17,305,306,191    | 12,804,050,994    |
| <b>TOTAL ASSETS</b>                 | 49,514,864,240    | 43,042,575,328    |
| <b>Shareholder's equity</b>         | 477,498           | 464,992           |
| <b>Long term liabilities</b>        | 32,209,558,049    | 30,238,524,334    |
| <b>Current liabilities</b>          | 17,304,828,693    | 12,803,586,002    |
| <b>TOTAL EQUITY AND LIABILITIES</b> | 49,514,864,240    | 43,042,575,328    |

**PROFIT AND LOSS ACCOUNT in summary**

|   | <b>01.01.2016 to<br/>30.06.2016</b> | <b>01.01.2015 to<br/>30.06.2015</b> |
|---|-------------------------------------|-------------------------------------|
|   | EUR                                 | EUR                                 |
| Income including interest received                | 183,330                             | 158,063                             |
| Costs, including interest paid and the tax charge | (166,663)                           | (143,694)                           |
| <b>Profit after taxation</b>                      | 12,506                              | 10,233                              |

**CASH FLOW STATEMENT in summary**

|                                     | <b>01.01.2016 to<br/>30.06.2016</b> | <b>01.01.2015 to<br/>30.06.2015</b> |
|-------------------------------------|-------------------------------------|-------------------------------------|
|                                     | EUR                                 | EUR                                 |
| Cash flow from operating activities | (4,819)                             | (566,626)                           |
| Cash flow from financing activities | 0                                   | 0                                   |
| Increase/Decrease cash at banks     | (4,819)                             | (566,626)                           |
| Cash at bank at 30 June             | 71,193                              | 85,827                              |

## BOOK-ENTRY SECURITIES

The Securities are either Certificated Securities or Uncertificated Securities, which are deposited or registered with SIS. English Law Securities are issued as Certificated Securities and French Law Securities are issued as Uncertificated Securities.

English Law Notes are represented by a permanent global note (the "**Permanent Global Note**"), English Law Certificates are represented by a permanent global certificate (the "**Permanent Global Certificate**") and English Law Warrants are represented by a permanent global warrant (the "**Permanent Global Warrant**" and, together with the Permanent Global Certificate, the "**Permanent Global Security**") and, in each case, will be held as intermediated securities (the "**Intermediated Securities**") (*Bucheffekten*) in accordance with the Swiss Federal Intermediated Securities Act ("**FISA**") (*Bucheffektengesetz*).

The Intermediated Securities will be created (i) by the deposit by the Principal Paying Agent (in the case of Notes) or the Principal Security Agent (in the case of Warrants and Certificates), as the case may be, of the Permanent Global Security with SIS or any other intermediary in Switzerland recognised for such purposes by SIX Swiss Exchange (SIS or such other intermediary, the "**Intermediary**") on or prior to the issue date and (ii) by the Intermediary crediting the respective rights to securities accounts of the relevant participants with the Intermediary.

Uncertificated Securities are issued in uncertificated and dematerialised book-entry form (*inscription en compte*). Neither a global certificate nor definitive securities or any other certificate representative of an Uncertificated Securities will be issued in respect of Uncertificated Securities and the Terms shall be construed accordingly. Uncertificated Securities will be created by the Issuer by means of a registration in its register of uncertificated securities. Such Uncertificated Securities will then be entered into the main register (*Hauptregister*) of the Intermediary on or prior to their issue date. Once the Uncertificated Securities are registered in the main register (*Hauptregister*) of the Intermediary, such Uncertificated Securities will constitute Intermediated Securities.

The records of the Intermediary will determine the number of Securities held through each participant in the Intermediary. In respect of the Securities held in the form of Intermediated Securities, the holders of the Securities (the "**Holders**") will be the persons holding the Securities in a securities account in their own name and for their own account.

Each Holder of Certificated Securities shall have a quotal co-ownership interest (*Miteigentumsanteil*) in the Permanent Global Security representing such Certificated Securities to the extent of his claim against the Issuer, provided that, for so long as the Permanent Global Security remains deposited with the Intermediary, the co-ownership interest shall be suspended.

So long as the Certificated Securities or Uncertificated Securities remain deposited or registered with the Intermediary, the Securities may only be transferred or otherwise disposed of in accordance with the provisions of the FISA, i.e. by the entry of the transferred Securities in a securities account of the transferee.

In respect of Uncertificated Securities, neither the Issuer nor the Holders shall at any time have the right to effect or demand the conversion of the Uncertificated Securities into, or the delivery of, a Permanent Global Security or Definitive Securities.

Subject as provided below, in the case of either Certificated Securities or Uncertificated Securities, no printing of securities in definitive form will occur. Subject to any applicable laws, neither the Issuer nor the Holders of Permanent Global Securities shall at any time have the right to effect or demand the conversion of the Permanent Global Security into, or the delivery of, uncertificated securities or Certificated Securities in definitive form.

If (i) the Principal Paying Agent (in the case of Notes) or the Principal Security Agent (in the case of Warrants and Certificates), as the case may be, deems the printing of securities in definitive form and, if applicable, coupons for the payment of interest or premium amount, ("**Coupons**") to be necessary or useful, or (ii) the presentation of securities in definitive form or, if applicable Coupons, is required by Swiss or foreign laws in connection with the enforcement of rights (including in cases of bankruptcy, consolidation or reorganisation of the Issuer), the Issuer shall determine the form of

such definitive securities and, if applicable Coupons, as well as any necessary technical changes required to these Terms and Conditions in consultation with the Principal Paying Agent and/or the Principal Security Agent, as applicable.

The Permanent Global Securities do not have Coupons attached on issue.

## **TAXATION**

The statements herein regarding taxation are based on the laws in force in Switzerland, France, The Netherlands and the United States, as applicable, as of the date of this Base Prospectus and are subject to any changes in law and interpretation thereof. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Securities. Each prospective holder or beneficial owner of Securities should consult its tax adviser as to each of the Swiss, the French, the Dutch and the U.S. federal income tax consequences, as applicable, of any investment in or ownership and disposition of the Securities.

## SWISS TAXATION

The following summary does not purport to address all Swiss tax consequences that may be relevant for a decision to purchase, own and dispose of the Securities and in particular does not take into account the specific circumstances of any particular investor. This summary is based on the tax laws, regulations and regulatory practices of Switzerland, as in effect on the date hereof, which are subject to change (or subject to changes in interpretation), possibly with retroactive effect. The summary is based on a residence and effective management of the Issuer outside Switzerland. Prospective purchasers are advised to consult their own tax advisers in light of their particular circumstances as to Swiss tax laws, regulations and regulatory practices that could be relevant for them in connection with the purchase, ownership, lapse or exercise, disposition or redemption of Securities.

On 7 February 2007 the Swiss Federal Tax Administration (FTA) has issued a Circular Letter No. 15 regarding Certificates and Derivative Financial Instruments subject to Direct Federal Tax, Withholding Tax and Stamp Tax. The Securities issued under this Base Prospectus will be taxed in accordance with this Circular Letter No. 15 and its appendices.

The tax consequences of an investment in the Securities depend upon the qualification of such Securities for tax purposes, which is made mainly based on the underlying of the Securities and on the specific terms of the Securities. Depending on the qualification of the Securities, periodical payments, the repayment of principal as well as gains realized upon the disposal of the Securities can fully or partially be qualified as interest, dividend, option premium or capital gain.

The FTA taxes returns on Securities according to the principle of transparency. This means that, when a Certificate is issued, the components must be disclosed and described separately. In the case such disclosure is not made or not possible (i.e. in case of a non-transparent Certificate), the entire return (interest income and any capital gains) might be subject to taxation.

The following summary of certain aspects of taxes in Switzerland is of general nature and is included herein solely for information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice.

### **Income Tax**

#### ***Interest and Dividend Payments or Redemption of Securities***

Swiss residents or foreign residents subject to Swiss taxation receiving interest or dividend payments or payments qualifying as interest or dividend for tax purposes, during the investment or at redemption as accrued interest or dividends, generally must declare these distributions in the financial statements and/or in the tax returns and owe individual or corporate income tax on the relevant amounts.

#### ***Gains on Sale***

##### ***Swiss Resident Private Holder of Securities***

Swiss resident individuals holding Securities as part of their private assets (as opposed to business assets) may, depending on the qualification of such Securities for tax purposes, be subject to Swiss Federal, Cantonal or Municipal income tax on gains realized upon the disposal of such Certificate.

Based on the present practice of the Swiss Federal Tax Authorities, on gains realized upon the disposal of such Securities Swiss resident individuals holding Securities, which do not qualify as notes with predominant one-time interest payment (*nicht überwiegend einmalverzinsliche Obligationen*), as part of their private (as opposed to business) assets will generally (unless such individuals qualify as so-called Professional Securities Dealer (*gewerbsmässiger Wertschriftenhändler*)) not be subject to any Swiss Federal, Cantonal or Municipal income tax.

Based on the present practice of the Swiss Federal Tax Authorities, Swiss resident individuals holding Securities which qualify as notes with predominant one-time interest payment (*überwiegend einmalverzinsliche Obligationen*), as part of their private (as opposed to business) assets will generally be subject to Swiss Federal, Cantonal or Municipal income tax on gains realized upon disposal of such Securities.

#### *Swiss Resident Business Holder of Securities*

Gains realized on the sale of Securities by Swiss resident individual holders of Securities, holding the Securities as part of their business assets, as well as by Swiss resident legal entity holders of Securities are part of their taxable business profit subject to individual income taxes or corporate income taxes, respectively. The same applies to Swiss resident private holders of Securities who qualify as so-called Professional Securities Dealers (*gewerbsmässige Wertschriftenhändler*).

#### *Non-Swiss Resident Holder of Securities*

Under present Swiss law, a holder of Securities who is a non-tax resident of Switzerland and who, during the taxable year has not engaged in trade or business through a permanent establishment or a fixed place of business within Switzerland and who is not subject to taxation in Switzerland for any other reason, will not be subject to any Swiss Federal, Cantonal or Municipal income tax on gains realized or redemption of the Securities.

### **Gift, Inheritance and Wealth Taxes**

The transfer of Securities may be subject to cantonal and/or communal gift, estate or inheritance taxes if the donor is, or the deceased was, resident for tax purposes in a Swiss canton levying such taxes.

A Swiss tax resident holder of Securities will also be liable to any annual cantonal/communal wealth tax on the Certificates and must declare them in the securities schedule of the Swiss tax return.

### **Stamp Duties**

#### *Swiss Issuance Stamp Duty*

The issuance of the Securities by a foreign resident issuer is in general not subject to Swiss issuance stamp duty.

#### *Swiss Transfer Stamp Duty*

The issuance of the Securities is in general not subject to Swiss transfer stamp duty. However, the issuance of Securities which qualify as instruments similar to a collective investment scheme are in general subject to Swiss transfer stamp duty. The sale or transfer of the Securities (i.e. secondary market transactions) may be subject to a maximum Swiss transfer stamp duty at the current rate of 0.3% if such sale or transfer is made by or through the intermediary of a Swiss or Liechtenstein professional Securities dealer as defined in the Swiss Stamp Tax Act and in the Treaty on Custom Union concluded between Switzerland and Liechtenstein.

### **Withholding Tax**

All payments in respect of the Securities by the non-Swiss Issuer are currently not subject to the Swiss Federal Withholding Tax.

### **Savings Tax**

In the context of the EU Savings Tax Directive (2003/48/EC), the European Community and Switzerland have entered on 26 October 2004 into an agreement (in this section, the "Agreement") providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments. Based on that Agreement, Switzerland has introduced a retention tax on interest payments or other similar income paid by a paying agent within Switzerland to EU resident individuals as of 1 July 2005. Such tax withheld is currently applied at a rate of 35%.

The beneficial owner of the interest payments may be entitled to a refund of the tax or a tax credit in his State of residence if certain conditions are met. Alternatively, such individual may opt for a notification of the interest payment to the relevant EU-tax authority to avoid the withholding.

In the context of the above described and recently from the Council of the European Union adopted Council Directive amending and broadening the scope of the EU Savings Tax Directive Switzerland commenced negotiations with the European Commission in January 2014 on adjustments of the existing Agreement.

### **Information on the repeal of the European Union savings directive**

The Organisation for Economic Co-operation and Development ("**OECD**") has been tasked by the G20 with undertaking the technical work required to progress the single global standard for automatic exchange of financial account information endorsed by the G20 in 2013. The OECD has released a full version of the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the "**Common Reporting Standard**"), which calls on governments to obtain detailed account information from their financial institutions and exchange that information automatically with other jurisdictions on an annual basis. On 9 December 2014, the Economic and Financial Affairs Council of the European Union officially adopted the revised Directive on Administrative Cooperation 2011/16/EU (the "**ACD**") (regarding mandatory automatic exchange of information in the field of taxation), which effectively incorporates the Common Reporting Standard. EU Member States were required to adopt and publish the laws, regulations and administrative provisions necessary to comply with the ACD by 31 December 2015. They were required to apply these provisions from 1 January 2016 and to start the automatic exchange of information no later than the end of September 2017.

Therefore, the EU Savings Directive will be repealed from 1 January 2017 in the case of Austria, and has been repealed from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and the ACD (as amended by Council Directive 2014/107/EU).

With respect to Switzerland, a bilateral agreement between Switzerland and the EU intended to replace the EU Savings Tax was signed in May 2015, and approved by the Swiss Parliament in December 2015. It is scheduled to be implemented during the course of 2017/2018.

### **Taxation Cooperation Agreements**

Since the start of 2011, Switzerland had been negotiating an extension of cross-border cooperation in tax matters. Switzerland entered into agreements with the United Kingdom and with Austria on a final withholding tax (*Abgeltungssteuer*). These agreements entered into force on 1 January 2013. In addition, the Swiss parliament adopted the Federal Act on International Taxation Cooperation (*Bundesgesetz über die internationale Quellenbesteuerung*) during the summer session 2012 which entered into force on 20 December 2012. The Tax Cooperation Agreements and the Federal Act under certain circumstances introduce *inter alia* a final withholding tax on investment income and capital gains where a Swiss paying agent is involved. A person subject to a final withholding tax may avoid such final withholding tax by opting for voluntary disclosure of the interest or capital income to the tax authority of his or her country of residency.



## FRENCH TAXATION

The descriptions below are intended as a basic summary of certain French withholding tax consequences in relation to the ownership of the Securities issued by BNPP. Potential purchasers of Securities are advised to consult their own appropriate independent and professionally qualified tax advisors as to the tax consequences of any investment in, or ownership of, the Securities.

### Withholding tax on Securities issued by BNPP

*The withholding tax treatment will depend on the nature and characterisation of the Securities issued by BNPP.*

#### *Securities constituting debt instruments for French tax purposes*

*The following may be relevant to holders of Securities issued by BNPP who do not concurrently hold shares of BNPP.*

Securities which are not consolidated (*assimilables* for the purpose of French law) with Securities issued before 1 March 2010

Payments of interest and other revenues with respect to Securities issued by BNPP which constitute debt instruments for French tax purposes (other than Securities which are consolidated (*assimilables* for the purpose of French law) and form a single series with Securities issued before 1 March 2010 with the benefit of Article 131 *quater* of the French *Code général des impôts*) will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a "**Non-Cooperative State**"). If such payments under the Securities are made in a Non-Cooperative State, a 75 per cent. withholding tax will be applicable (subject to certain exceptions described below and the more favourable provisions of an applicable double tax treaty) by virtue of Article 125 A III of the French *Code général des impôts*.

Furthermore, according to Article 238 A of the French *Code général des impôts*, interest and other revenues on such Securities will not be deductible from BNPP's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid in such a Non-Cooperative State (the "**Deductibility Exclusion**"). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Articles 109 *et seq.* of the French *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* of the French *Code général des impôts*, at a rate of 30 per cent. or 75 per cent. (subject to the more favourable provisions of an applicable double tax treaty).

Notwithstanding the foregoing, neither the 75 per cent. withholding tax set out under Article 125 A III of the French *Code général des impôts* nor the Deductibility Exclusion will apply in respect of a particular issue of Securities if BNPP can prove that the principal purpose and effect of such issue of Securities was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* BOI-INT-DG-20-50-20140211n°550 and 990, BOI-RPPM-RCM-30-10-20-40-20140211 n°70 and 80 and BOI-IR-DOMIC-10-20-20-60-20150320 n°10, an issue of Securities will benefit from the Exception without BNPP having to provide any proof of the purpose and effect of such issue of Securities, if such Securities are:

- (i) offered by means of a public offer within the meaning of Article L.411-1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided

further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

- (iii) admitted, at the time of their issue, to the clearing operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

Securities which are consolidated (*assimilables* for the purpose of French law) with Securities issued before 1 March 2010

Payments of interest and other revenues with respect to Securities issued by BNPP which constitute debt instruments for French tax purposes and which are consolidated (*assimilables* for the purpose of French law) and form a single series with Securities issued before 1 March 2010 with the benefit of Article 131 *quater* of the French *Code général des impôts* will be exempt from the withholding tax set out under Article 125 A III of the French *Code général des impôts*.

Securities issued before 1 March 2010, whether denominated in Euro or in any other currency, constituting *obligations* under French law, or *titres de créances négociables* within the meaning of the *Bulletin Officiel des Finances Publiques-Impôts* BOI-RPPM-RCM-30-10-30-30-20140211, or other debt securities issued under French or foreign law and considered by the French tax authorities as falling into similar categories, are deemed to be issued outside the Republic of France for the purpose of Article 131 *quater* of the French *Code général des impôts*, in accordance with the above mentioned *Bulletin Officiel des Finances Publiques-Impôts*.

In addition, interest and other revenues paid by BNPP on Securities which constitute debt instruments for French tax purposes, which are issued from 1 March 2010 and which are to be consolidated (*assimilables* for the purpose of French law) and form a single series with Securities issued before 1 March 2010 will not be subject to the Deductibility Exclusion, and hence will not be subject to the withholding tax set out in Article 119 *bis* of the French *Code général des impôts* solely on account of their being paid in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

Securities held by individuals who are fiscally domiciled in France

Pursuant to Article 125 A of the French *Code général des impôts*, subject to certain limited exceptions, interest and similar revenues paid by a paying agent (*établissement payeur*) located in France to individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 24 per cent. withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax at an aggregate rate of 15.5 per cent. on interest and similar revenues received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

#### ***Securities issued by BNPP not constituting debt instruments for French tax purposes***

Payments with respect to Securities issued by BNPP which do not constitute debt instruments for French tax purposes should not be subject to, or should be exempt from, withholding tax provided that the beneficial owner of such Securities and the payments thereunder is resident or domiciled in a country which has entered into an appropriate double taxation treaty with France and fulfils the relevant requirements provided in such treaty.

In addition, payments in respect of such Securities may, in certain circumstances, be non-deductible (in whole or in part) for French tax purposes if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid in such a Non-Cooperative State. Under certain conditions, and subject to the more favourable provisions of an applicable double tax treaty, such non-deductible payments may be recharacterised as constructive dividends pursuant to Articles 109 *et seq.* of the French *Code général des impôts* subject to the withholding tax set out under Article 119 *bis* of the French *Code général des impôts* at a rate of up to 75 per cent.

Potential purchasers of Securities who are resident or domiciled in a country which has not entered into an appropriate double tax treaty with France or who are domiciled or established in a Non-Cooperative State are advised to consult their own appropriate independent and professionally qualified tax advisors as to the tax consequences of any investment in, ownership of, or transactions involving the Securities.

### **Transfer tax and other taxes**

*The following may be relevant in connection with Securities which may be settled, redeemed or repaid by way of physical delivery of certain French listed shares (or certain assimilated securities) or securities representing such shares (or assimilated securities).*

Pursuant to Article 235 *ter* ZD of the French *Code général des impôts*, a financial transaction tax (the "**Financial Transaction Tax**") is applicable to any acquisition for consideration, resulting in a transfer of ownership, of (i) an equity security (*titre de capital*) as defined by Article L.212-1 A of the French *Code monétaire et financier*, or of an assimilated equity security, as defined by Article L.211-41 of the French *Code monétaire et financier*, admitted to trading on a recognised stock exchange when the said security is issued by a company whose registered office is situated in France and whose market capitalisation exceeds 1 billion Euros on 1 December of the year preceding the year in which the acquisition occurs (the "**French Shares**") or (ii) a security representing French Shares (irrespective of the location of the registered office of the issuer of such securities). The Financial Transaction Tax could apply in certain circumstances to the acquisition of French Shares (or securities representing French Shares) in connection with the settlement, redemption or repayment of any Securities.

There are a number of exemptions from the Financial Transaction Tax and investors shall revert to their counsel to identify whether they can benefit from them.

The rate of the Financial Transaction Tax is 0.2 per cent. of the acquisition value of the French Shares (or securities representing the French Shares).

If the Financial Transaction Tax applies to an acquisition of French Shares, this transaction is exempt from transfer taxes (*droits de mutation à titre onéreux*) which generally apply at a rate of 0.1 per cent. to the sale of shares issued by a company whose registered office is situated in France, provided that in case of shares listed on a recognised stock exchange, transfer taxes are due only if the transfer is evidenced by a written deed or agreement.

## NETHERLANDS TAXATION

### General

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Securities, but does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant. For purposes of Netherlands tax law, a holder of Securities may include an individual or entity who does not have the legal title of these Securities, but to whom nevertheless the Securities or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in the Securities or the income thereof. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of the acquisition, holding, settlement, redemption and disposal of the Securities.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Base Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

- (i) investment institutions (*fiscale beleggingsinstellingen*);
- (ii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other Netherlands tax resident entities that are not subject to or exempt from Netherlands corporate income tax;
- (iii) holders of Securities holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Securities of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds or is deemed to hold (i) an interest of 5% or more of the total issued capital of the Issuer or of 5% or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;
- (iv) persons to whom the Securities and the income from the Securities are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) and the Netherlands Gift and Inheritance Tax Act 1956 (*Successiewet 1956*);
- (v) entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba, to which permanent establishment or permanent representative the Securities are attributable;
- (vi) individuals to whom Securities or the income there from are attributable to employment activities which are taxed as employment income in the Netherlands
- (vii) holders of Securities for whom the benefits from the Securities qualify for the participation exemption within the meaning of article 13 of the Netherlands Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*) or would qualify for the participation exemption had the corporate holders of Securities been resident in the Netherlands.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

This summary does not describe the consequences of the exchange or the conversion of the Securities.

### **Withholding Tax**

All payments made by the Issuers under the Securities may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, provided that the Securities do not in fact function as equity of the Issuer within the meaning of article 10, paragraph 1, under d of the Netherlands Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

### **Corporate and Individual Income Tax**

#### *Residents of the Netherlands*

If a holder of Securities is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands corporate income tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Securities are attributable, income derived from the Securities and gains realised upon the redemption, settlement or disposal of the Securities are generally taxable in the Netherlands (at up to a maximum rate of 25%).

If an individual is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands individual income tax purposes, income derived from the Securities and gains realised upon the redemption, settlement or disposal of the Securities are taxable at the progressive rates (at up to a maximum rate of 52%) under the Netherlands Income Tax Act 2001, if:

- (i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Securities are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Securities are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities with respect to the Securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) above applies, an individual that holds the Securities, must determine taxable income with regard to the Securities on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. With regard to 2016 this deemed return on income from savings and investments is fixed at a rate of 4% of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a certain threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Securities will be included as an asset in the individual's yield basis. The 4% deemed return on income from savings and investments is taxed at a rate of 30%. As of 2017, the percentage to determine the deemed return will be variable and will increase progressively depending on the amount of the yield basis.

#### *Non-residents of the Netherlands*

If a person is not a resident of the Netherlands nor is deemed to be a resident of the Netherlands for Netherlands corporate or individual income tax purposes, such person is not liable to Netherlands income tax in respect of income derived from the Securities and gains realised upon the settlement, redemption or disposal of the Securities, unless:

- (i) the person is not an individual and such person (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Securities are attributable, or (2) is (other than by way of securities) entitled to a

share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Securities are attributable.

This income is subject to Netherlands corporate income tax at up to a maximum rate of 25%.

- (ii) the person is an individual and such individual (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Securities are attributable, or (2) realises income or gains with respect to the Securities that qualify as income from miscellaneous activities in the Netherlands which includes activities with respect to the Securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*), or (3) is other than by way of securities entitled to a share in the profits of an enterprise which is effectively managed in the Netherlands and to which enterprise the Securities are attributable.

Income derived from the Securities as specified under (1) and (2) is subject to individual income tax at progressive rates up to a maximum rate of 52%. Income derived from a share in the profits of an enterprise as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (as described above under "Residents of the Netherlands"). The fair market value of the share in the profits of the enterprise (which includes the Securities) will be part of the individual's Netherlands yield basis.

## **Gift and Inheritance Tax**

### *Residents of the Netherlands*

Generally, gift tax (*schenkelasting*) or inheritance tax (*erfbelasting*) will be due in the Netherlands in respect of the acquisition of the Securities by way of a gift by, or on behalf of, or on the death of, a holder of Securities that is a resident or deemed to be a resident of the Netherlands for the purposes of the Netherlands Gift and Inheritance Tax Act 1956 at the time of the gift or his or her death. A gift made under a condition precedent is for the purposes of the Netherlands Gift and Inheritance Tax Act 1956 deemed to be made at the time the condition precedent is fulfilled and is subject to gift tax if the donor is, or is deemed to be a resident of the Netherlands at that time.

A holder of Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands Gift and Inheritance Tax Act 1956 if he or she has been resident in the Netherlands and dies or makes a gift within ten years after leaving the Netherlands. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Gift and Inheritance Tax Act 1956 if he or she has been resident in the Netherlands and makes a gift within a twelve months period after leaving the Netherlands. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

### *Non-residents of the Netherlands*

No gift or inheritance tax will be due in the Netherlands in respect of the acquisition of the Securities by way of a gift by, or as a result of the death of a holder that is neither a resident nor deemed to be a resident of the Netherlands for the purposes of the Netherlands Gift and Inheritance Tax Act 1956. However, inheritance tax will be due in the case of a gift of the Securities by, or on behalf of, a holder who at the date of the gift was neither a resident nor deemed to be a resident of the Netherlands for the purposes of the Netherlands Gift and Inheritance Tax Act 1956, but such holder dies within 180 days after the date of the gift and at the time of his or her death is a resident or deemed to be a resident of the Netherlands for the purposes of the Netherlands Gift and Inheritance Tax Act 1956. A gift made under a condition precedent is deemed to be made at the time the condition precedent is fulfilled.

## **Value Added Tax**

In general, no value added tax will arise in respect of payments in consideration for the issue of the Securities or in respect of a cash payment made under the Securities, or in respect of a transfer of Securities.

**Other Taxes and Duties**

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Securities.

## HIRING INCENTIVES TO RESTORE EMPLOYMENT ACT

The U.S. Hiring Incentives to Restore Employment Act introduced Section 871(m) of the Code of 1986 (the "**Code**") which treats a "dividend equivalent" payment as a dividend from sources within the United States. Under Section 871(m), such payments generally would be subject to a 30% U.S. withholding tax that may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner timely claims a credit or refund from the Internal Revenue Service (the "**IRS**"). A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in (i) and (ii). Recently published final U.S. Treasury regulations issued under Section 871(m) (the "**Section 871(m) Regulations**") will, when effective, require withholding on certain non-U.S. holders of the Securities with respect to amounts treated as attributable to dividends from certain U.S. securities. Under the Section 871(m) Regulations, only a Security that has an expected economic return sufficiently similar to that of the underlying U.S. security, as determined on the Security's issue date based on tests set forth in the Section 871(m) Regulations, will be subject to the Section 871(m) withholding regime (making such Security a "**Specified Security**"). The Section 871(m) Regulations provide certain exceptions to this withholding requirement, in particular for instruments linked to certain broad-based indices.

Withholding in respect of dividend equivalents will generally be required when cash payments are made on a Specified Security or upon the date of maturity, lapse or other disposition by the non-U.S. holder of the Specified Security. If the underlying U.S. security or securities are expected to pay dividends during the term of the Specified Security, withholding generally will still be required even if the Specified Security does not provide for payments explicitly linked to dividends. If an Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

The Section 871(m) Regulations generally apply to Specified Securities issued beginning 1 January 2017. If the terms of a Security are subject to a "significant modification" such that the Security is treated as retired and reissued, it could lose its "grandfathered" status and might become a Specified Security based on economic conditions in effect at that time.

Upon the issuance of a series of Securities, the Issuer will state in the applicable Final Terms if it has determined that they are Specified Securities, in which case a non-U.S. holder of the Securities should expect to be subject to withholding in respect of any dividend-paying U.S. securities underlying those Securities. The Issuer's determination is binding on non-U.S. holders of the Securities, but it is not binding on the IRS. The Section 871(m) Regulations require complex calculations to be made with respect to Securities linked to U.S. securities and their application to a specific issue of Securities may be uncertain.

Prospective investors should consult their tax advisers regarding the potential application of Section 871(m) to the Securities.



## FOREIGN ACCOUNT TAX COMPLIANCE ACT

Sections 1471 through 1474 of the Code ("**FATCA**") impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the IRS to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of an Issuer (a "**Recalcitrant Holder**"). The Issuers are classified as FFIs.

The new withholding regime is now in effect for payments from sources within the United States and will apply to "**foreign passthru payments**" (a term not yet defined) no earlier than 1 January 2019. This withholding would potentially apply to payments in respect of (i) any Securities characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued after the "**grandfathering date**", which (A) with respect to Securities that give rise to foreign passthru payments, is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register and (B) with respect to Securities that give rise to a dividend equivalent pursuant to section 871(m) of the Code, is July 1, 2017, or (in each case) which are materially modified after the grandfathering date and (ii) any Securities characterized as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Securities are issued on or before the grandfathering date, and additional Securities of the same series are issued after that date, the additional Securities may not be treated as grandfathered, which may have negative consequences for the existing Securities, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States has entered into agreements with France and the Netherlands (together, the "**Relevant IGAs**") based largely on the Model 1 IGA.

If the relevant Issuer is treated as a Reporting FI pursuant to the Relevant IGA such Issuer does not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuers will be treated as Reporting FIs, or that they would in the future not be required to deduct FATCA Withholding from payments they make. Accordingly, the Issuers and financial institutions through which payments on the Securities are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Securities is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

While the Securities are held within SIS, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Securities by an Issuer or any paying agent, given that each of the entities in the payment chain between the relevant Issuer and the participants in SIS is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Securities. The documentation expressly contemplates the possibility that the Securities may go into definitive form and therefore that they may be taken out of SIS. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Securities will only be printed in remote circumstances.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and the Relevant IGAs, all of which are subject to change or may be implemented**

**in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to an Issuer and to payments they may receive in connection with the Securities.**

## OTHER TAXATION

The payment of the Cash Settlement Amount and/or the Final Redemption Amount, Interest Amount or such other amount payable in respect of the Securities, if any, will be made subject to withholding taxes and other taxes which the law may impose on holders of the Securities.

Individuals and legal entities should consult their usual tax advisors with respect to the tax treatment which applies to them.

In addition, holders of the Securities should comply with the tax laws applicable in the jurisdiction in which they are resident, subject to the application of any applicable tax treaty in force between France or, as the case may be, the Netherlands, and such jurisdiction.

Purchasers of Securities may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price of each Security.

TRANSACTIONS INVOLVING SECURITIES MAY HAVE TAX CONSEQUENCES FOR POTENTIAL PURCHASERS WHICH MAY DEPEND, AMONGST OTHER THINGS, UPON THE STATUS OF THE POTENTIAL PURCHASER AND LAWS RELATING TO TRANSFER AND REGISTRATION TAXES. POTENTIAL PURCHASERS WHO ARE IN ANY DOUBT ABOUT THE TAX POSITION OF ANY ASPECT OF TRANSACTIONS INVOLVING SECURITIES SHOULD CONSULT THEIR OWN TAX ADVISERS.

Transactions involving Securities may have tax consequences for potential purchasers which may depend, amongst other things, upon the status of the potential purchaser and may relate to transfer and registration taxes.

Note Condition 6 and W&C Security Condition 11 (Expenses and Taxation), as applicable, should be considered carefully by all potential purchasers of any Securities.

All prospective holders should seek independent advice as to their tax positions.

## OFFERING AND SALE

No action has been or will be taken by BNPP B.V., BNPP or the Managers that would permit a public offering of any Securities or possession or distribution of any offering material in relation to any Securities in any jurisdiction where action for that purpose is required. No offers, sales, re-sales or deliveries of any Securities, or distribution of any offering material relating to any Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on BNPP B.V., BNPP and/or the Managers.

### United States

None of the Securities, the Guarantees or, in the case of Physical Delivery Securities, the Entitlement to be delivered upon the exercise (in the case of Physical Delivery Warrants) or the redemption (in the case of Physical Delivery Certificates) of such Securities has been, or will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or under the securities laws of any state or other jurisdiction of the United States. Furthermore, neither the sale of nor trading in the Securities has been approved by the Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act of 1936, as amended (the "**CEA**") and no U.S. person (as defined herein) may at any time purchase, trade, exercise or maintain a position in the Securities unless otherwise specified in the relevant Final Terms for the Securities. Neither Issuer has registered as an investment company pursuant to the Investment Company Act. Unless otherwise specified in the applicable Final Terms, the Securities are being offered and sold in reliance on Regulation S under the Securities Act ("**Regulation S**") and pursuant to CFTC regulations and guidance. No Securities of such series, or interests therein, may at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. person (as defined herein), and any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person (as defined herein) will not be recognised. The Securities of such series may not be legally or beneficially owned at any time by any U.S. person (as defined herein), and accordingly are being offered and sold outside the United States only to persons that are not U.S. persons (as defined herein) in reliance on Regulation S and pursuant to CFTC regulations and guidance.

Each prospective purchaser of Securities, by accepting delivery of this Base Prospectus and the Securities, will be deemed to have represented and agreed as follows:

- (a) it understands that Securities and, in certain cases, the securities (if any) to be delivered when Securities are redeemed and/or exercised, have not been, and will not be, registered under the Securities Act, or under the securities laws of any state or other jurisdiction of the United States; and that trading in the Securities has not been approved by the CFTC under the CEA, or by the SEC;
- (b) it is not a U.S. person (as defined herein) and, if it is acting for the account or benefit of another person, such other person is also not a U.S. person (as defined herein);
- (c) it understands and acknowledges that the Issuers have the right to compel any beneficial owner of an interest in Securities to certify periodically that such beneficial owner is not a U.S. person (as defined herein);
- (d) it understands and acknowledges that the Issuers have the right to refuse to honour the transfer of an interest in Securities in violation of the transfer restrictions applicable to such Securities;
- (e) it understands and acknowledges that the Issuers have the right to compel any beneficial owner who is a U.S. person (as defined herein) to (i) sell its interests in the Securities to a person who is not a U.S. person (as defined herein) in an offshore transaction pursuant to Regulation S and CFTC regulations and guidance, or (ii) transfer its interests in the Securities to the relevant Issuer or an affiliate of such Issuer at a price equal to the lesser of (x) the purchase price therefor paid by such beneficial owner, (y) 100 per cent. of the principal amount thereof and (z) the fair market value thereof;

(f) it understands that the Securities will bear a legend to the following effect:

THIS SECURITY AND, IN CERTAIN CASES, THE SECURITIES (IF ANY) TO BE DELIVERED WHEN THIS SECURITY IS REDEEMED AND/OR EXERCISED, HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND TRADING IN THIS SECURITY HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION (THE "**CFTC**") UNDER THE U.S. COMMODITY EXCHANGE ACT OF 1936, AS AMENDED (THE "**CEA**"), OR BY THE U.S. SECURITIES EXCHANGE COMMISSION (THE "**SEC**"). THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING: BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER:

(1) REPRESENTS THAT (A) IT ACQUIRED THIS SECURITY OR SUCH BENEFICIAL INTEREST IN AN OFFSHORE TRANSACTION (AS SUCH TERM IS DEFINED UNDER REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")); (B) IT IS NOT (W) A "**U.S. PERSON**" AS DEFINED IN REGULATION S, (X) A "U.S. PERSON" AS DEFINED IN THE INTERPRETIVE GUIDANCE AND POLICY STATEMENT REGARDING COMPLIANCE WITH CERTAIN SWAP REGULATIONS PROMULGATED BY THE CFTC, UNDER THE CEA, (Y) A PERSON OTHER THAN A "NON-UNITED STATES PERSON" AS DEFINED IN CFTC RULE 4.7 UNDER THE CEA OR (Z) ANY OTHER "U.S. PERSON AS SUCH TERM MAY BE DEFINED IN REGULATION S OR IN REGULATIONS OR GUIDANCE ADOPTED UNDER THE CEA, IN EACH CASE, AS SUCH DEFINITION MAY BE AMENDED, MODIFIED OR SUPPLEMENTED FROM TIME TO TIME (ANY PERSON SATISFYING (W), (X), (Y) OR (Z) ABOVE, A "U.S. PERSON"); AND (C) IF IT IS ACQUIRING THIS SECURITY OR A BENEFICIAL INTEREST HEREIN FOR THE ACCOUNT OR BENEFIT OF ANOTHER PERSON, SUCH OTHER PERSON IS ALSO A U.S. PERSON;

(2) AGREES FOR THE BENEFIT OF THE ISSUER THAT IT WILL NOT, AT ANY TIME DURING THE TERM OF THIS SECURITY, OFFER, SELL, RESELL OR DELIVER, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON AND ACKNOWLEDGES THAT THE ISSUER HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF ANY SECURITY OR INTEREST THEREIN IN VIOLATION OF THE FOREGOING;

(3) ACKNOWLEDGES THAT ANY TRANSFER IN VIOLATION OF THE FOREGOING AT ANY TIME DURING THE TERM OF THIS SECURITY WILL BE OF NO FORCE AND EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE REGISTRAR, ANY AGENT OR ANY INTERMEDIARY;

(4) ACKNOWLEDGES THAT IF AT ANY TIME THE ACQUIRER BECOMES A U.S. PERSON, THE ISSUER HAS THE RIGHT TO (A) COMPEL THE ACQUIRER TO SELL SUCH SECURITY OR BENEFICIAL INTEREST THEREIN, AS APPLICABLE, TO A PERSON WHO IS NOT A U.S. PERSON IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S AND CFTC REGULATIONS AND GUIDANCE, OR (B) COMPEL THE BENEFICIAL OWNER TO TRANSFER SUCH SECURITY OR BENEFICIAL INTEREST THEREIN, AS APPLICABLE, TO THE ISSUER OR AN AFFILIATE OF THE ISSUER FOR THE LESSER OF (X) THE PURCHASE PRICE THEREFOR PAID BY THE BENEFICIAL OWNER, (Y) 100 PER CENT. OF THE PRINCIPAL AMOUNT THEREOF AND (Z) THE FAIR MARKET VALUE THEREOF; AND

(5) ACKNOWLEDGES THAT THE ISSUER MAY COMPEL EACH BENEFICIAL OWNER OF THE SECURITY TO CERTIFY PERIODICALLY THAT SUCH BENEFICIAL OWNER IS NOT A U.S. PERSON.

- (g) it has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of purchasing Securities, and it can bear the economic risk of an investment therein; and
- (h) the Issuers, the Registrar, the Dealers and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

As used herein, a "**U.S. person**" means a person that is any one or more of the following: (1) a "U.S. person" as defined in Regulation S, (2) a "U.S. person" as defined in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the CFTC, under the CEA, (3) a person other than a "Non-United States person" as defined in CFTC Rule 4.7 under the CEA, or (4) any other "U.S. person" as such term may be defined in Regulation S or in regulations or guidance adopted under the CEA, in each case, as such definition may be amended, modified or supplemented from time to time.

Securities in bearer form that are debt for U.S. federal income tax purposes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain circumstances permitted by U.S. Treasury regulations. The applicable Final Terms will specify whether the provisions of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) ("**TEFRA D**") apply or do not apply ("**TEFRA not applicable**") to the issuance of Securities. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the Treasury regulations promulgated thereunder.

Certificated Securities denominated in Swiss Francs benefit from a limited exception to the certification in bearer form requirement of the TEFRA D Rules, if such Certificated Securities fulfil the relevant requirements set out below.

The following criteria must be fulfilled in order for the limited exception to the certification requirement of the TEFRA D Rules to apply:

- (a) the interest on, and the principal of, the Securities are denominated only in Swiss Francs;
- (b) the interest on, and the principal of, the Securities are payable only in Switzerland;
- (c) the Securities are offered and sold in accordance with Swiss customary practice and documentation;
- (d) the relevant dealers agree to use reasonable efforts to sell the Securities within Switzerland;
- (e) the Securities are not listed, or subject to an application for listing, on an exchange located outside Switzerland;
- (f) the issuance of the Securities is subject to guidelines or restrictions imposed by Swiss governmental, banking or securities authorities; and
- (g) more than 80 per cent. by value of the Securities included in the offering of which they are part are offered and sold to non-dealers by dealers maintaining an office located in Switzerland.

## **European Economic Area**

Please note that in relation to EEA States, additional selling restrictions may apply in respect of any specific EEA State, including those set out below in relation to France and The Netherlands.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") offers of Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that

Relevant Member State may not be made except, with effect from and including the Relevant Implementation Date, offers of such Securities to the public in that Relevant Member State may be made:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Issuer or any Manager for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities referred to in (a) or (c) above shall require the relevant Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Securities to the public**" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

## France

The Issuer and any Dealer of an issue of Securities may make an offer of Securities only in circumstances that do not constitute an offer to the public in France pursuant to Article L.411-2 of the French *Code monétaire et financier* and Article 211-2 of the *Règlement général* of the *Autorité des marchés financiers* ("**AMF**").

Pursuant to Article L.411-2 of the French *Code monétaire et financier* and Article 211-2 of the *Règlement général* of the AMF, (in each case as may be amended from time to time), the circumstances in which an offer of Securities shall not constitute an offer to the public in France include, but are not limited to, an offer of Securities:

- (a) addressed solely to qualified investors (*investisseurs qualifiés*), acting for their own account; and/or
- (b) addressed solely to a limited number of investors (*cercle restreint d'investisseurs*) acting for their own account; and/or
- (c) addressed solely to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*); and/or
- (d) addressed to investors who acquire Securities for a total consideration of at least euro 100,000 (or its equivalent in another currency) per investor, for each separate offer; and/or
- (e) whose notional amount, nominal amount or equivalent amounts to at least euro 100,000 (or its equivalent in another currency); and/or
- (f) with a total consideration of less than euro 100,000 (or its equivalent in another currency), which limit shall be calculated over a period of 12 months.

Accordingly, the Issuer and any Dealer have represented and agreed that they have not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Securities and offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (ii) a limited number of investors (*cercle restreint d'investisseurs*) acting for their own account and/or (iii) qualified investors

(*investisseurs qualifiés*), investing for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1 and D.411-4 of the French *Code monétaire et financier*.

## **Netherlands**

The Securities as described in this prospectus may only be offered to Qualified Investors (as defined in the Prospectus Directive) unless such offer is made in accordance with the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

Zero coupon Notes and Certificates in definitive bearer form on which interest does not become due and payable during their term but only at maturity (that qualify as savings certificates or *spaarbewijzen* as defined in the Dutch Savings Certificates Act or *Wet inzake spaarbewijzen*; the "**SCA**") may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such Notes or Certificates to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, and (iii) the issue and trading of such Notes or Certificates if they are physically issued outside the Netherlands and are not immediately thereafter distributed in the Netherlands.

## **General**

With regard to each issue of Securities, the relevant Manager(s) will be required to comply with such other additional restrictions as shall be set out in the applicable Final Terms.



## GENERAL INFORMATION

### 1. Authorisation

The update of the Programme and the issue of Securities under the Programme were approved by resolutions of the Board of Directors of BNPP B.V. dated 31 May 2016. No authorisation procedures are required of BNPP by French law for the update of the Programme or the giving of the Guarantees. The issue of Certificates issued by BNPP under the Programme is authorised pursuant to the Board resolution dated 21 September 2016.

### 2. Approval for admission to trading on SIX Structured Products Exchange Ltd. or SIX Swiss Exchange and listing on SIX Swiss Exchange

Application has been made in accordance with the Listing Rules for the approval of this Base Prospectus by SIX Swiss Exchange and application may be made for Securities issued under the Programme to be admitted to trading on SIX Structured Products Exchange Ltd. or SIX Swiss Exchange and to be listed on SIX Swiss Exchange as soon as possible thereafter.

### 3. Documents Available

From the date hereof and so long as Securities are capable of being issued under the Programme, copies of the following documents will, when published, be available for inspection at the specified office for the time being of BNP Paribas Securities Services, Paris, Succursale de Zurich:

- (i) copies of the constitutional documents of BNP Paribas Arbitrage Issuance B.V. and the *Statuts* of BNP Paribas;
- (ii) the audited annual non-consolidated financial statements of BNPP B.V. for the years ended 31 December 2014 and 31 December 2015 (BNPP B.V. does not produce consolidated annual reports);
- (iii) the audited annual consolidated financial statements of BNPP for the years ended 31 December 2014 and 31 December 2015;
- (iv) the most recently published audited annual consolidated financial statements and unaudited semi-annual consolidated financial statements and quarterly results of BNPP;
- (v) the most recently published unaudited semi-annual interim non-consolidated financial statements of BNPP B.V. (BNPP B.V. does not produce semi-annual consolidated reports);
- (vi) copies of the Guarantees;
- (vii) the Agency Agreement (which contains the forms of the English Law Global Certificates and English Law Global Warrants);
- (viii) the Note Agency Agreement (which contains the forms of English Law Global Notes);
- (ix) this Base Prospectus;
- (x) the BNPP 2014 Registration Document;
- (xi) the BNPP B.V. Interim Financial Statements;
- (xii) the BNPP 2015 Registration Document;
- (xiii) the First Update to the BNPP 2015 Registration Document; and

(xiv) the Second Update to the BNPP 2015 Registration Document.

Written or oral requests for such documents should be directed to the Principal Security Agent at its principal office set out at the end of this Base Prospectus or may be obtained by telephone (+41 58 212 6335) or fax (+41 58 212 6330). In addition, copies of any documents incorporated by reference will be made available, along with this Base Prospectus, for viewing on the website of BNPP at the following address [www.bnpparibasmarkets.ch](http://www.bnpparibasmarkets.ch) or any other website specified in the applicable Final Terms.

#### **4. Representative**

In accordance with Article 43 of the Listing Rules of SIX Swiss Exchange, the Issuers have appointed Naegeli & Partners Attorneys at Law Ltd., Klausstrasse 33, 8008 Zurich, as its representative in order to apply for the registration of the Programme Documentation and the listing of the Securities on the SIX Swiss Exchange.

#### **5. Material Adverse Change**

There has been no material adverse change in the prospects of BNPP or the Group since 31 December 2015 (being the end of the last financial period for which audited financial statements have been published).

There has been no material adverse change in the prospects of BNPP B.V. since 31 December 2015 (being the end of the last financial period for which audited financial statements have been published).

#### **6. Legal and Arbitration Proceedings**

Save as disclosed on pages 158, 211, 212 and 411 of the BNPP 2015 Registration Document, page 87 of the First Update to the BNPP 2015 Registration Document and pages 140 to 141 of the Second Update to the BNPP 2015 Registration Document, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during the period covering at least the twelve (12) months prior to the date of this Base Prospectus which may have, or have had in the recent past, significant effects on BNPP and/or the Group's financial position or profitability.

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which BNPP B.V. is aware) during a period covering 12 months prior to the date of this Base Prospectus which may have, or have had in the recent past significant effects on BNPP B.V.'s financial position or profitability.

#### **7. Significant Change**

There has been no significant change in the financial or trading position of BNPP or the Group since 30 June 2016 (being the end of the last financial period for which interim financial statements have been published).

There has been no significant change in the financial or trading position of BNPP B.V. since 30 June 2016 (being the end of the last financial period for which interim financial statements have been published).

#### **8. Material Contracts**

Neither Issuer has entered into contracts outside the ordinary course of its respective business, which could result in the relevant Issuer being under an obligation or entitlement that is material to such Issuer's ability to meet its obligation to holders of Securities in respect of the Securities being issued.

#### **9. Third Party Information**

Information contained in this Base Prospectus which is sourced from a third party has been accurately reproduced and, as far as the relevant Issuer is aware and is able to ascertain from information published by the relevant third

party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The relevant Issuer has also identified the source(s) of such information.

#### **10. Board of Directors**

The members of the Board of Directors of BNPP are displayed on pages 30 to 42 of the BNPP 2015 Registration Document relating to BNPP which is incorporated by reference herein.

The "Description of BNP Paribas Arbitrage Issuance B.V." above includes details of the Management Board of BNPP B.V.

#### **11. Conflicts of Interests**

To the knowledge of BNPP, the duties owed by the members of the Board of Directors of BNPP do not give rise to any potential conflict of interests with such members' private interests or other duties.

The Management Board of BNPP B.V. does not have potential conflicts of interests, material to the issue of Securities, between any duties to BNPP B.V. and its interests or other duties.

#### **12. Auditors**

##### *BNPP*

The statutory auditors (*Commissaires aux comptes*) of BNPP are currently the following:

Deloitte & Associés was appointed as Statutory Auditor at the Annual General Meeting of 23 May 2012 for a six-year period expiring at the close of the Annual General Meeting called in 2018 to approve the financial statements for the year ending 31 December 2017. The firm was first appointed at the Annual General Meeting of 23 May 2006.

Deloitte & Associés is represented by Damien Leurent.

##### *Deputy:*

BEAS, 195, avenue Charles de Gaulle, Neuilly-sur-Seine (92), France, SIREN No. 315 172 445, Nanterre trade and companies register.

PricewaterhouseCoopers Audit was appointed as Statutory Auditor at the Annual General Meeting of 23 May 2012 for a six-year period expiring at the close of the Annual General Meeting called in 2018 to approve the financial statements for the year ending 31 December 2017. The firm was first appointed at the Annual General Meeting of 26 May 1994.

PricewaterhouseCoopers Audit is represented by Etienne Boris.

##### *Deputy:*

Anik Chaumartin, 63, Rue de Villiers, Neuilly-sur-Seine (92), France.

Mazars was appointed as Statutory Auditor at the Annual General Meeting of 23 May 2012 for a six-year period expiring at the close of the Annual General Meeting called in 2018 to approve the financial statements for the year ending 31 December 2017. The firm was first appointed at the Annual General Meeting of 23 May 2000.

Mazars is represented by Hervé Hélias.

Deputy:

Michel Barbet-Massin, 61 Rue Henri-Regnault, Courbevoie (92), France.

Deloitte & Associés, PricewaterhouseCoopers Audit, and Mazars are registered as Statutory Auditors with the Versailles Regional Association of Statutory Auditors, under the authority of the French National Accounting Oversight Board (*Haut Conseil du Commissariat aux comptes*).

**BNPP B.V.**

In June 2012 Mazars Paardekooper Hoffman Accountants N.V. were appointed as the auditors of BNPP B.V. Mazars Paardekooper Hoffman Accountants N.V. are independent public accountants in The Netherlands registered with NBA (*Nederlandse Beroepsorganisatie van Accountants*). The address of Mazars Paardekooper Hoffman Accountants N.V. is Delflandlaan 1, 1062 EA, Amsterdam.

The financial statements of BNPP B.V. for the years ending 31 December 2014 and 31 December 2015 have been audited without qualification by Mazars Paardekooper Hoffman Accountants N.V.

### 13. Clearing Systems

The Securities have been accepted for clearance through SIX SIS AG, Olten, Switzerland. The appropriate CUSIP, common code, ISIN and other relevant code for each issue of Securities will be specified in the applicable Final Terms.

### 14. Capitalization of BNPP and the BNP Paribas Group

| <b>TABLE OF CAPITALIZATION AND MEDIUM-TO-LONG TERM INDEBTEDNESS</b>                    |                          |                          |
|--|--------------------------|--------------------------|
| Millions of Euros  | <b>BNP PARIBAS GROUP</b> | <b>BNP PARIBAS GROUP</b> |
|  | December 31, 2015        | June 30, 2016            |
|  | (audited)                | (unaudited)              |
| Medium-and Long Term Debt<br>of which unexpired term to maturity is more than one year |                          |                          |
| Debt securities at fair value through profit or lost                                   | 34,889                   | 34,090                   |
| Other debt securities  | 65,756                   | 61,725                   |
| Subordinated debt  | 12,070                   | 14,956                   |
| <b>Total Medium and Long-Term Debt.....</b>  | <b>112,715</b>           | <b>110,771</b>           |
| Shareholders' Equity and Equivalents   |                          |                          |
| Issued Capital .....   | 2,493                    | 2,493                    |
| Additional paid-in capital.....  | 24,404                   | 24,510                   |
| Preferred shares and equivalent instruments.....                                       | 7,855                    | 7,969                    |
| Retained earnings .....  | 51,906                   | 53,563                   |
| Unrealized or deferred gains and losses attributable to shareholders                   | 6,736                    | 7,043                    |
| Undated participating subordinated notes ....  | 222                      | 222                      |
| Undated Subordinated FRNs.....   | 1,811                    | 1,808                    |

|  |                |                |
|--|----------------|----------------|
| <b>Total Shareholders' Equity and Equivalents</b>                | <b>95,427</b>  | <b>97,608</b>  |
| Minority Interest.....   | 3,719          | 3,876          |
| <b>Total Capitalization and Medium-to-Long Term Indebtedness</b> | <b>211,861</b> | <b>212,255</b> |

**15. Events impacting the solvency of BNPP**

To the best of BNPP's knowledge, there have not been any recent events which are to a material extent relevant to the evaluation of BNPP's solvency since 30 June 2016.

**ISSUER**

**BNP Paribas Arbitrage Issuance B.V.**

Herengracht 595  
1017 CE Amsterdam  
The Netherlands

**ISSUER AND GUARANTOR**

**BNP Paribas**

16 boulevard des Italiens  
75009 Paris  
France

**PRINCIPAL SECURITY AGENT**

**BNP Paribas Securities Services, Paris, Succursale de Zurich**

Selnaustrasse 16  
P.O. Box  
8022 Zurich  
Switzerland

**FIRST SUPPLEMENT DATED 21 November 2016  
TO THE BASE PROSPECTUS DATED 30 September 2016**



**BNP PARIBAS**

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**BNP Paribas Arbitrage Issuance B.V.**

*(incorporated in The Netherlands)*

*(as Issuer)*

**BNP Paribas**

*(incorporated in France)*

*(as Issuer and Guarantor)*

**NOTE, WARRANT AND CERTIFICATE PROGRAMME**

This first supplement (the "**First Supplement**") is supplemental to, and should be read in conjunction with the Note, Warrant and Certificate Programme base prospectus dated 30 September 2016 (the "**Base Prospectus**"), in relation to the issuance of Notes, Warrants and Certificates (as defined therein) by BNP Paribas Arbitrage Issuance B.V. ("**BNPP B.V.**") and BNP Paribas ("**BNPP**"). Terms defined in the Base Prospectus have the same meaning when used in this First Supplement.

Each of BNPP B.V. (in respect of itself) and BNPP (in respect of itself and BNPP B.V.) accepts responsibility for the information contained in this First Supplement. To the best of the knowledge of each of BNPP B.V. and BNPP (who have taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of this First Supplement, the Base Prospectus, the documents incorporated by reference therein and the documents incorporated by reference into the Base Prospectus as a result of this First Supplement are available at the offices of the Swiss Securities Agent BNP Paribas Securities Services SA, Paris, Zurich Branch, currently located at Selnaustrasse 16, P.O. Box, CH-8022 Zurich, Switzerland, as further set out in the Base Prospectus.

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## A. AMENDMENTS AND SUPPLEMENTS TO THE BASE PROSPECTUS

The Base Prospectus is hereby amended and supplemented as set forth hereafter. The references to sections and pages used below refer to the sections and pages of the Base Prospectus as approved by SIX Swiss Exchange Ltd on 30 September 2016.

### OVERVIEW

In Element "Description of BNPP", the following table in relation to BNPP is inserted immediately below the table in relation to BNPP entitled "Comparative Interim Financial Data for the six-month period ended 30 June 2016 – In millions of EUR" and immediately above the heading "Statements of no significant or material adverse change":

| <b>Comparative Interim Financial Data for the nine-month period ended 30 September 2016 – In millions of EUR</b> |                                   |                                 |
|--|-----------------------------------|---------------------------------|
|  | <b>9M16<br/>(unaudited)</b>       | <b>9M15<br/>(unaudited)</b>     |
| Revenues   | 32,755                            | 32,489                          |
| Cost of risk   | (2,312)                           | (2,829)                         |
| Net Income, Group Share  | 6,260                             | 6,029                           |
|  | <b>30/09/2016</b>                 | <b>31/12/2015</b>               |
| Common equity Tier 1 ratio (Basel 3 fully loaded, CRD4)  | 11.4%                             | 10.9%                           |
|  | <b>30/09/2016<br/>(unaudited)</b> | <b>31/12/2015<br/>(audited)</b> |
| Total consolidated balance sheet   | 2,173,877                         | 1,994,193                       |
| Consolidated loans and receivables due from customers  | 690,082                           | 682,497                         |

|                                     |         |         |
|-------------------------------------|---------|---------|
| Consolidated items due to customers | 741,897 | 700,309 |
| Shareholders' equity (Group Share)  | 98,711  | 96,269  |

## DOCUMENTS INCORPORATED BY REFERENCE

On 28 October 2016, BNPP filed with the AMF the *Troisième actualisation du Document de référence 2015 déposée auprès de l'AMF le 28 octobre 2016* including the unaudited financial information of BNPP as at and for the nine-month period ended 30 September 2016.

A free English translation of the *Troisième actualisation du Document de référence 2015 déposée auprès de l'AMF le 28 octobre 2016* has been filed with the AMF on 28 October 2016 for the purposes of the Prospectus Directive and, by virtue of this First Supplement and other than the sections entitled "Persons Responsible for the Update to the Registration Document", the "Table of Concordance" and any reference to a completion letter (*lettre de fin de travaux*) therein, is incorporated by reference in, and forms part of, the Base Prospectus.

The section "**DOCUMENTS INCORPORATED BY REFERENCE**" in the Base Prospectus is updated as follows:

- (a) the text "and" at the end of paragraph (h) is deleted;
- (b) the text "; and" is inserted at the end of paragraph (i);
- (c) the following new paragraph (j) is added under paragraph (i):
  - "(j) BNPP's *Troisième actualisation du Document de référence 2015 déposée auprès de l'AMF le 28 octobre 2016* (in English) (other than the sections entitled "Persons Responsible for the Update to the Registration Document", the "Table of Concordance" and any reference to a completion letter (*lettre de fin de travaux*) therein) with filing number D.16-0126-A03 (the "**Third Update to the BNPP 2015 Registration Document**"),";
- (d) the following table is inserted immediately following the table entitled "*Second Update to the BNPP 2015 Registration Document*":

| <i>Third Update to the BNPP 2015 Registration Document</i> |  |
|--|--|
| <b>Quarterly Financial Information</b>                     | Pages 3 to 73 of the Third Update to the BNPP 2015 Registration Document |

|   |  |
|---|--|
| Group Presentation                            | Page 3 of the Third Update to the BNPP 2015 Registration Document          |
| Third Quarter 2016 Results                    | Pages 4 to 69 of the Third Update to the BNPP 2015 Registration Document   |
| Balance Sheet as at 30 September 2016         | Page 72 of the Third Update to the BNPP 2015 Registration Document         |
| Long term and short term credit ratings       | Page 73 of the Third Update to the BNPP 2015 Registration Document         |
| Related Parties                               | Page 73 of the Third Update to the BNPP 2015 Registration Document         |
| Risk Factors                                  | Page 73 of the Third Update to the BNPP 2015 Registration Document         |
| Recent Events                                 | Page 73 of the Third Update to the BNPP 2015 Registration Document         |
| <b>Corporate Governance</b>                   | Page 74 of the Third Update to the BNPP 2015 Registration Document         |
| <b>Risks and Capital Adequacy (unaudited)</b> | Pages 75 to 79 of the Third Update to the BNPP 2015 Registration Document  |
| <b>Additional Information</b>                 | Pages 80 and 81 of the Third Update to the BNPP 2015 Registration Document |
| Documents on Display                          | Page 80 of the Third Update to the BNPP 2015 Registration Document         |
| Contingent Liabilities                        | Pages 80 and 81 of the Third Update to the BNPP 2015 Registration Document |
| Significant Changes                           | Page 81 of the Third Update to the BNPP 2015 Registration Document         |
| Trends  | Page 81 of the Third Update to the BNPP 2015 Registration Document         |
| <b>Statutory Auditors</b>                     | Page 82 of the Third Update to the BNPP 2015 Registration Document         |

## GENERAL INFORMATION SECTION

The section "**General Information**" on pages 541 to 545 of the Base Prospectus is amended as follows:

- (a) the paragraphs under the heading "3. Documents Available" on pages 541 and 542 of the Base Prospectus are amended as follows:
  - (i) the word "and" at the end of sub-paragraph (xiii) is deleted;
  - (ii) the "." at the end of sub-paragraph (xiv) is deleted and replaced with "; and"; and
  - (iii) the following new sub-paragraph (xv) is added under sub-paragraph (xiv) :  
 "(xv) the Third Update to the BNPP 2015 Registration Document."; and
- (b) the table under the heading "14. Capitalization of BNPP and the BNP Paribas Group" on page 544 et seq. of the Base Prospectus has been deleted and replaced with the following:

| <b>TABLE OF CAPITALIZATION AND MEDIUM-TO-LONG TERM INDEBTEDNESS</b>                         |   |  |
|---|---|--|
| Millions of Euros   | <b>BNP PARIBAS GROUP</b><br>31 December 2015<br>(audited) | <b>BNP PARIBAS GROUP</b><br>30 September 2016<br>(unaudited) |
| Medium - and Long-Term Debt<br>of which unexpired term to maturity is more<br>than one year |   |  |
| Debt securities at fair value through<br>profit or lost                                     | 34,889  | 35,142   |
| Other debt securities   | 65,756  | 60,740   |
| Subordinated debt   | 12,070  | 13,976   |
| <b>Total Medium- and Long-Term Debt.....</b>  | <b>112,715</b>  | <b>109,858</b>   |
| Shareholders' Equity and Equivalents  |   |  |
| Issued Capital  | 2,493   | 2,493  |
| .....<br>Additional paid-in   | 24,404  | 24,346   |

|  |                |                |
|--|----------------|----------------|
| capital.....   |                |                |
| Preferred shares and equivalent instruments.....                     | 7,855          | 7,740          |
| Retained earnings .....  | 51,906         | 54,711         |
| Unrealised or deferred gains and losses attributable to shareholders | 6,736          | 6,673          |
| Undated participating subordinated notes ....                        | 222            | 222            |
| Undated Subordinated FRNs.....                                       | 1,811          | 1,769          |
| <b>Total Shareholders' Equity and Equivalents</b>                    | <b>95,427</b>  | <b>97,954</b>  |
| Minority Interest.....   | 3,719          | 4,385          |
| <b>Total Capitalization and Medium-to-Long Term Indebtedness</b>     | <b>211,861</b> | <b>212,197</b> |

## **B. RESPONSIBILITY**

Each of BNPP B.V. (in respect of itself) and BNPP (in respect of itself and BNPP B.V.) accepts responsibility for the information contained in this First Supplement. To the best of the knowledge of each of BNPP B.V. and BNPP (who have taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

Signed on behalf of BNP Paribas Arbitrage Issuance B.V.

Paris, dated 21 November 2016:

By:

Signed on behalf of BNP Paribas

Paris, dated 21 November 2016:

By:

Michel Konczaty in his capacity as Deputy Chief Operating Officer

**SECOND SUPPLEMENT DATED 9 March 2017  
TO THE BASE PROSPECTUS DATED 30 September 2016**



**BNP PARIBAS**

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**BNP Paribas Arbitrage Issuance B.V.**  
*(incorporated in The Netherlands)*  
*(as Issuer)*

**BNP Paribas**  
*(incorporated in France)*  
*(as Issuer and Guarantor)*

**NOTE, WARRANT AND CERTIFICATE PROGRAMME**

This second supplement (the "**Second Supplement**") is supplemental to, and should be read in conjunction with the Note, Warrant and Certificate Programme base prospectus dated 30 September 2016 (the "**Base Prospectus**"), the first supplement to the Base Prospectus dated 21 November 2016 (the "**First Supplement**"), in each case, in relation to the issuance of Notes, Warrants and Certificates (as defined therein) by BNP Paribas Arbitrage Issuance B.V. ("**BNPP B.V.**") and BNP Paribas ("**BNPP**"). Terms defined in the Base Prospectus have the same meaning when used in this Second Supplement.

Each of BNPP B.V. (in respect of itself) and BNPP (in respect of itself and BNPP B.V.) accepts responsibility for the information contained in this Second Supplement. To the best of the knowledge of each of BNPP B.V. and BNPP (who have taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of this Second Supplement, the First Supplement, the Base Prospectus, the documents incorporated by reference therein and the documents incorporated by reference into the Base Prospectus as a result of this Second Supplement are available at the offices of the Swiss Securities Agent BNP Paribas Securities Services SA, Paris, Zurich Branch, currently located at Selnaustrasse 16, P.O. Box, CH-8022 Zurich, Switzerland, as further set out in the Base Prospectus.

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## **A. AMENDMENTS AND SUPPLEMENTS TO THE BASE PROSPECTUS**

The Base Prospectus is hereby amended and supplemented as set forth hereafter. The references to sections and pages used below refer to the sections and pages of the Base Prospectus as approved by SIX Swiss Exchange Ltd on 30 September 2016.

### **PRESS RELEASE AND RELATED PRESENTATION DATED 5 FEBRUARY 2016**

BNP Paribas has released the following press release and presentation dated 7 February 2017 relating to the unaudited financial information of BNP Paribas for the fourth quarter ended 31 December 2016 and the unaudited figures for the year ended 31 December 2016 as attached in the Annex to this Second Supplement. Audited Consolidated Financial Statements for the year ended 31 December 2016 have been reported and released on 7 March 2017.

### **OVERVIEW**

The table “Comparative Annual Financial Data” under the heading “4. Selected key financial information” under the “Description of BNPP” included in the section “Overview” on pages 7 to 20 of the Base Prospectus is deleted and replaced by the following table:

| <b>Comparative Annual Financial Data - In millions of EUR</b> |                                 |                                 |
|---|---------------------------------|---------------------------------|
|   | <b>31/12/2016<br/>(audited)</b> | <b>31/12/2015<br/>(audited)</b> |
| Revenues  | 43,411                          | 42,938                          |
| Cost of risk  | (3,262)                         | (3,797)                         |
| Net income, Group share                                       | 7,702                           | 6,694                           |
|   | <b>31/12/2016</b>               | <b>31/12/2015</b>               |
| Common equity Tier 1 ratio<br>(Basel 3 fully loaded, CRD4)    | 11.5%                           | 10.9%                           |
|   | <b>31/12/2016<br/>(audited)</b> | <b>31/12/2015<br/>(audited)</b> |
| Total consolidated balance sheet                              | 2,076,959                       | 1,994,193                       |
| Consolidated loans and receivables due from customers         | 712,233                         | 682,497                         |

|                                     |         |         |
|-------------------------------------|---------|---------|
| Consolidated items due to customers | 765,953 | 700,309 |
| Shareholders' equity (Group share)  | 100,665 | 96,269  |

## **AMENDMENTS TO THE RISK FACTORS**

The risk factor entitled "Risks Relating to BNPP and its Industry" and the sub-headings thereunder on pages 21 to 43 are deleted in their entirety and replaced with the following:

### **"Risks Relating to BNPP and its Industry**

This section summarises the principal risks that BNPP currently considers itself to face. They are presented in the following categories: risks related to the macroeconomic and market environment, regulatory risks and risks related to BNPP, its strategy, management and operations.

#### **Risks Related To The Macroeconomic And Market Environment**

*Difficult market and economic conditions have had and may continue to have a material adverse effect on the operating environment for financial institutions and hence on BNPP's financial condition, results of operations and cost of risk.*

BNPP's businesses are highly sensitive to changes in financial markets and economic conditions globally and especially in Europe. In recent years, BNPP has been, and may again in the future be, confronted with a significant deterioration of market and economic conditions resulting, among other things, from crises affecting sovereign debt, capital markets, the availability of credit or liquidity, regional or global recessions, sharp fluctuations in commodity prices, currency exchange rates or interest rates, volatility in prices of financial derivatives, inflation or deflation, counterparty restructurings or defaults, corporate or sovereign debt rating downgrades or adverse political and geopolitical events (such as natural disasters, pandemics, societal unrest, geopolitical tensions, acts of terrorism and military conflicts). Such disruptions, which may develop quickly and hence not be fully hedged, could affect the operating environment for financial institutions for short or extended periods and have a material adverse effect on BNPP's financial condition, results of operations or cost of risk. In 2017, the macroeconomic environment could be subject to various specific risks, including geopolitical tensions, political transitions and elections in certain countries creating uncertainties and potentially sharp changes, financial market volatility, slowdowns in certain emerging markets, weak growth in the euro zone, fluctuations in commodity prices and changes in monetary policies.

Moreover, a resurgence of a sovereign debt crisis cannot be ruled out, particularly in a rising interest rate environment with increasing funding costs. In particular, European markets experienced significant disruptions in recent years as a result of concerns regarding the ability of certain countries or institutions in the euro zone to refinance their debt obligations. These disruptions have in certain periods caused tightened credit markets, increased volatility in the

exchange rate of the euro against other major currencies, affected the levels of stock market indices and created uncertainty regarding the economic prospects of certain countries in the European Union as well as the quality of bank loans to sovereign debtors in the European Union. BNPP holds and in the future may hold substantial portfolios of sovereign debt and has and may in the future have substantial amounts of loans outstanding to sovereign borrowers; a new sovereign debt crisis could cause it to incur impairment charges or losses on sales. BNPP also participates in the interbank financial market and as a result, is indirectly exposed to risks relating to financial institutions with which it does business. More generally, the sovereign debt crisis had, and could again in the future have, an indirect impact on financial markets and, increasingly, economies, in Europe and worldwide, and more generally on the environment in which BNPP operates.

If economic conditions generally or in Europe in particular were to deteriorate due among other things to concerns over the European economy (in turn triggered by the heightened risk of or even the occurrence of a sovereign default, the failure of a significant financial institution or the exit of a country from the euro zone or the European Union), unforeseeable variations in oil and commodity prices and interest rates, rising inflation or significant fluctuations in foreign exchange rates (in particular rising interest rates or any strengthening of the euro), a continued or increased slowdown of economic growth in emerging countries and China in particular, terrorist attacks or political instability, the resulting market disruptions could have a significant adverse impact on the credit quality of BNPP's customers and financial institution counterparties, on market parameters such as interest rates, foreign exchange rates and stock market indices, and on BNPP's results of operations, liquidity, ability to raise financing on acceptable terms and financial condition.

*The United Kingdom's referendum to leave the European Union may lead to significant uncertainty, volatility and disruption in European and broader financial and economic markets and hence may adversely affect BNPP's operating environment.*

On 23 June 2016, the United Kingdom held a referendum in which a majority of its voters opted to leave the European Union ("**Brexit**"). The referendum is non-binding, but the British Government has indicated that the United Kingdom will invoke the appropriate procedures to implement Brexit. Once it does so, it will begin negotiations to determine its relationship with the European Union going forward, including regarding trade, financial and legal arrangements. The nature, timing and economic and political effects of Brexit remain highly uncertain and will depend upon the results of future negotiations between the United Kingdom and the European Union, and hence may adversely affect BNPP's operating environment and therefore its results and financial condition.

*Due to the geographic scope of its activities, BNPP may be vulnerable to country or regional-specific political, macroeconomic and financial environments or circumstances.*

BNPP is exposed to country risk, meaning the risk that economic, financial, political or social conditions of a foreign country, especially a country in which it operates, will affect its financial interests. Recent examples of such country risk include security concerns and political changes in Turkey following the attempted coup in July 2016, and political uncertainty in Italy following the rejection in December 2016 of the referendum on constitutional reform and the resulting change in government. Upcoming elections in France, Germany and The Netherlands in 2017 may also contribute to an environment of political uncertainty. BNPP monitors country risk and takes it into account in the fair value adjustments and cost of risk recorded in its financial statements. However, a significant change in political or macroeconomic environments may require it to record additional charges or to incur losses beyond the amounts previously written down in its financial statements. Moreover, factors specific to a particular country or region in which BNPP operates could create difficult operating conditions, leading to operating losses or asset impairments.

*BNPP's access to and cost of funding could be adversely affected by a resurgence of financial crises, worsening economic conditions, rating downgrades, increases in credit spreads or other factors.*

The financial crisis, the euro zone sovereign debt crisis as well as the general macroeconomic environment have at times adversely affected the availability and cost of funding for European banks in recent years. This was due to several factors, including a sharp increase in the perception of bank credit risk due to their exposure to sovereign debt in particular, credit rating downgrades of sovereigns and of banks, and debt market speculation. Many European banks, including BNPP, at various points experienced restricted access to wholesale debt markets and to the interbank market, as well as a general increase in their cost of funding. Accordingly, reliance on direct borrowing from the ECB at times increased substantially. If such adverse credit market conditions were to reappear in the event of prolonged stagnation of growth, deflation, resurgence of the financial crisis, the sovereign debt crisis or new forms of financial crises, factors relating to the financial industry in general or to BNPP in particular, the effect on the liquidity of the European financial sector in general and BNPP in particular could be materially adverse and have a negative impact on BNPP's results of operations and financial condition.

*Downgrades in the credit ratings of France or of BNPP may increase BNPP's borrowing cost.*

BNPP's cost of obtaining long-term unsecured funding from market investors is also directly related to its credit spreads, which in turn depend to a certain extent on its credit ratings. Increases in credit spreads can significantly increase BNPP's cost of funding. Changes in credit spreads are continuous, market-driven, and subject at times to unpredictable and highly volatile movements. Credit spreads are also influenced by market perceptions of creditworthiness of BNPP.

*Significant interest rate changes could adversely affect BNPP's revenues or profitability.*

The amount of net interest income earned by BNPP during any given period significantly affects its overall revenues and profitability for that period. Interest rates are affected by many factors beyond BNPP's control, such as the level of inflation and the monetary policies of states, and government decisions relating to regulated savings rates. Changes in market interest rates could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest-bearing liabilities. Any adverse change in the yield curve could cause a decline in BNPP's net interest income from its lending activities. In addition, maturity mismatches and interest rates rises relating to BNPP's short-term financing may adversely affect BNPP's profitability.

*The prolonged low interest rate environment carries inherent systemic risks, and an exit from such environment also carries risks.*

Since the 2008-2009 financial crisis, global markets have been characterized by periods of prolonged low interest rates. During such periods, interest rate spreads tend to tighten, and BNPP may be unable to lower interest rates on deposits sufficiently to offset reduced income from lending at lower interest rates. In addition, BNPP is facing an increase in early repayment and refinancing of mortgages and other fixed-rate consumer and corporate loans as clients take advantage of lower borrowing costs. This, along with the issuance of new loans at the low prevailing market interest rates, could result in an overall decrease in the average interest rate of BNPP's portfolio of loans thereby causing a decline in BNPP's net interest income from its lending activities. Moreover, an environment of persistently low interest rates can also have the effect of flattening the yield curve in the market more generally, which could reduce the premium generated by BNPP from its funding activities. Additionally, the prolonged period of low interest rates may have contributed to, and may continue to contribute to, excessive risk-taking by financial market participants such as lengthening maturities of financings and assets held, more lenient lending standards and increased leveraged lending. Certain of the market participants that may have taken or may take additional or excessive risk are of systemic importance, and any unwinding of their positions during periods of market turbulence or stress (and hence reduced liquidity) could have a destabilizing effect on markets and could lead BNPP to record operating losses or asset impairments.

Furthermore, to the extent that central banks, particularly in the United States and the United Kingdom, are expected to increase interest rates in 2017, any sharper than expected change could cause stress in loan portfolios and BNPP's underwriting activity, particularly in relation to non-investment grade lending, possibly leading to an increase in BNPP's cost of risk. In a rising interest rate environment, should BNPP's hedging strategies prove ineffective or provide only a partial hedge, BNPP could incur losses due to higher refinancing costs. More generally, increasing interest rates weigh on consumer debt affordability and corporate profitability and hence potentially on economic growth and our revenues.

*The soundness and conduct of other financial institutions and market participants could adversely affect BNPP.*

BNPP's ability to engage in financing, investment and derivative transactions could be adversely affected by the soundness of other financial institutions or market participants. Financial institutions are interrelated as a result of trading, clearing, counterparty, funding or other relationships. As a result, defaults, or even rumours or questions about, one or more financial services institutions, or the financial services industry generally, may lead to market-

wide liquidity problems and could lead to further losses or defaults. BNPP has exposure to many counterparties in the financial industry, directly and indirectly, including clearing houses, brokers and dealers, commercial banks, investment banks, mutual and alternative investment funds, and other institutional clients with which it regularly executes transactions. BNPP can also be exposed to the risks related to the increasing involvement in the financial sector of players subject to little or no regulations (unregulated funds, trading venues or crowdfunding platforms). BNPP is exposed to credit and counterparty risk in the event of default or financial distress of BNPP's counterparties or clients. This risk could be exacerbated if the collateral held by BNPP cannot be realised upon or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to BNPP or in case of a failure of a significant financial market participant such as a central counterparty. It is worth noting in this respect that regulatory changes requiring mandatory clearing of standardized over-the-counter ("OTC") derivatives through central counterparties have resulted in an increase of the exposure of financial market participants to such central counterparties.

In addition, fraud or misconduct by financial market participants can have a material adverse effect on financial institutions due in particular to the interrelated nature of the financial markets. An example is the fraud perpetrated by Bernard Madoff that came to light in 2008, as a result of which numerous financial institutions globally, including BNPP, announced losses or exposure to losses in substantial amounts. Potentially significant additional potential exposure is also possible in the form of litigation and claims in the context of the bankruptcy proceedings of Bernard L. Madoff Investment Services ("BLMIS") (a number of which are pending against BNPP), and other potential claims relating to counterparty or client investments made, directly or indirectly, in BLMIS or other entities controlled by Bernard Madoff, or to the receipt of investment proceeds from BLMIS.

There can be no assurance that any losses resulting from the risks summarised above will not materially and adversely affect BNPP's results of operations.

*BNPP may incur significant losses on its trading and investment activities due to market fluctuations and volatility.*

BNPP maintains trading and investment positions in the debt, currency, commodity and equity markets, and in unlisted securities, real estate and other asset classes, including through derivative contracts. These positions could be adversely affected by extreme volatility in these markets, i.e., the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. Moreover, volatility trends that prove substantially different from BNPP's expectations may lead to losses relating to a broad range of other products that BNPP uses, including swaps, forward and future contracts, options and structured products.

To the extent that BNPP owns assets, or has net long positions, in any of those markets, a market downturn could result in losses from a decline in the value of its positions. Conversely, to the extent that BNPP has sold assets that it does not own, or has net short positions in any of those markets, a market upturn could, in spite of the existing limitation of risks and control systems, expose it to potentially substantial losses as it attempts to cover its net short positions by acquiring assets in a rising market. BNPP may from time to time hold a long position in one asset and a short position in another, in order to hedge transactions with clients and/or from which it expects to gain based on changes in the relative value of the two assets. If, however, the relative value of the two assets changes in a direction or manner that BNPP did not anticipate or

against which it is not hedged, BNPP might realise a loss on those paired positions. Such losses, if significant, could adversely affect BNPP's results and financial condition.

*BNPP may generate lower revenues from brokerage and other commission and fee-based businesses during market downturns.*

Financial and economic conditions affect the number and size of transactions for which BNPP provides securities underwriting, financial advisory and other investment banking services. BNPP's revenues, which include fees from these services, are directly related to the number and size of the transactions in which it participates and can thus be significantly affected by economic or financial changes that are unfavourable to its Investment Banking business and clients. In addition, because the fees that BNPP charges for managing its clients' portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of its clients' portfolios or increases the amount of withdrawals would reduce the revenues BNPP receives from its asset management, equity derivatives and private banking businesses. Independently of market changes, below-market performance by BNPP's mutual funds may result in increased withdrawals and reduced inflows, which would reduce the revenues BNPP receives from its asset management business. BNPP experienced some or all of these effects during the sharp market downturns of recent years and could experience them again in future market downturns, which may occur periodically and unexpectedly.

*Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and possibly leading to material losses.*

In some of BNPP's businesses, protracted market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if BNPP cannot close out deteriorating positions in a timely way. This is particularly true for assets that are intrinsically illiquid. Assets that are not traded on stock exchanges or other public trading markets, such as certain derivative contracts between financial institutions, may have values that BNPP calculates using models rather than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to significant losses that BNPP did not anticipate.

## **Regulatory Risks**

*Laws and regulations adopted in recent years, particularly in response to the global financial crisis, may materially impact BNPP and the financial and economic environment in which it operates.*

Laws and regulations have been enacted in the past few years or could be adopted, in particular in France, Europe and the United States, with a view to introducing a number of changes, some permanent, in the financial environment. The impact of the new measures has changed substantially the environment in which BNPP and other financial institutions operate. The new measures that have been or may be proposed and adopted include more stringent capital and liquidity requirements (particularly for large global banking groups such as BNPP), taxes on financial transactions, restrictions and increased taxes on employee compensation over specified levels, restrictions on certain types of activities considered as speculative undertaken by commercial banks that will be prohibited or need to be ring-fenced in subsidiaries (particularly proprietary trading), restrictions or prohibitions on certain types of financial products or

activities, enhanced recovery and resolution regimes, changes to risk-weighting methodologies and the methods of using internal models that could lead to increased capital requirements, increased internal control and reporting requirements with respect to certain activities, more stringent governance and conduct of business rules, more extensive market abuse regulations, measures to improve the transparency and efficiency of financial markets and in particular to regulate high frequency trading, increased regulation of certain types of financial products including mandatory reporting of derivative and securities financing transactions, requirements either to mandatorily clear, or otherwise mitigate risks in relation to, over-the-counter derivative transactions (including through posting of collateral in respect of non-centrally cleared derivatives), and the creation of new and strengthened supervisory bodies. Most of these measures have been adopted and are already applicable to BNPP; the principal such measures are summarized below. Other similar or new measures may be proposed and adopted.

#### *French and European Laws and regulations*

In 2013 and 2014, France made significant changes to its legal and regulatory framework applicable to banking institutions. The French banking law of 26 July 2013 on the separation and regulation of banking activities (Loi de séparation et de régulation des activités bancaires) and the related implementing decrees and orders specified the required separation between financing operations activities and so-called "speculative" operations that have been, since 1 July 2015, conducted by ring-fenced subsidiaries subject to specific capital and liquidity requirements on a stand-alone basis. This banking law also introduced a mechanism for preventing and resolving banking crises, which is supervised by the French banking regulator ("Autorité de Contrôle Prudentiel et de Résolution", "**ACPR**") with expanded powers. In the event of a failure, the law provides for mechanisms such as the power to require banks to adopt structural changes, issue new securities, cancel outstanding equity or subordinated debt securities and convert subordinated debt into equity, and to require the intervention of the French Deposit Guarantee and Resolution Fund ("Fonds de Garantie des Dépôts et de Résolution"). The Ordinance of 20 February 2014 provided in particular for the strengthening of the governance rules within banking institutions, a reinforced and harmonised at the EU level sanctions regime, an extended scope of prudential surveillance with in particular additional prudential requirements, a harmonisation of the rules relating to the approval of credit institutions within the European Union, and an update of the rules relating to the consolidated surveillance and the exchange of information.

At the European level, many of the provisions of the EU Directive and Regulation on prudential requirements "CRD 4/CRR" dated 26 June 2013, implementing the Basel III capital requirements, took effect as of 1 January 2014 and many delegated and implementing acts provided for in the Directive and Regulation CRD 4/CRR were adopted in 2014. The prudential ratio requirements and the designation of BNPP as a systemically important financial institution increased BNPP's prudential requirements and may limit its ability to extend credit or to hold certain assets, particularly those with longer maturities. In 2011-2012, BNPP implemented an adaptation plan in anticipation of these requirements, including reducing its balance sheet and bolstering its capital. In addition, the Financial Stability Board published on 9 November 2015 the final principles and term sheet regarding total loss absorbing capacity ("**TLAC**"), which will require "G-SIBs" or "Global Systemically Important Banks" (including BNPP) to maintain a significant amount of liabilities and instruments readily available for bail-in, in addition to the Basel III capital requirements, in order to enable authorities to implement an orderly resolution



that minimises impacts on financial stability, maintains the continuity of critical functions, and avoids exposing public funds to loss. Given the timing and manner of their adoption, the full impact of TLAC requirements on BNPP cannot be accurately predicted and could cause its financing costs to increase.

Regarding the European "Banking Union", the European Union adopted, in October 2013, a Single Supervisory Mechanism ("**SSM**") under the supervision of the ECB; as a consequence, since November 2014, BNPP, along with all institutions qualified as important in the euro zone, are now under the direct supervision of the ECB, with respect to prudential regulation matters entrusted to the ECB by Council Regulation dated 15 October 2013. Within the SSM, the ECB is, in particular, tasked with carrying out an annual supervisory review and evaluation process ("**SREP**") and stress tests, in connection with which it has powers to require banks to hold capital in excess of minimum capital requirements in order to address specific risks (so-called "Pillar 2" requirements), and more generally to impose additional liquidity requirements and possibly other regulatory measures. Such measures could have an adverse impact on BNPP's results of operations and financial condition.

In addition to the SSM, the EU Bank Recovery and Resolution Directive of 15 May 2014 ("**BRRD**"), implemented in France by the Ordinance of 20 August 2015 strengthens the tools to prevent and resolve banking crises, in particular, in order to ensure that any losses are borne in priority by banks' creditors and shareholders and to minimize taxpayers' exposure to losses and provides for the implementation of resolution funds at the national levels.

Under the BRRD and the Ordinance of 20 August 2015, the ACPR or the Single Resolution Board (the "**SRB**"), which was established by Regulation of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism ("**SRM**") and a Single Resolution Fund ("**SRF**"), may commence resolution proceedings in respect of a banking institution, such as BNPP, with a view to ensure the continuity of critical functions, to avoid the risks of contagion and to recapitalize or restore the viability of the institution.

Resolution powers are to be implemented so that, subject to certain exceptions, losses are borne first by shareholders, then by holders of additional capital instruments qualifying as tier 1 and tier 2 (such as subordinated bonds), then by the holders of senior non preferred debt and finally by the holders of senior preferred debt in accordance with the order of their claims in normal insolvency proceedings.

Resolution authorities have broad powers to implement resolution measures with respect to institutions and groups subject to resolution proceedings, which may include (without limitation): the total or partial sale of the institution's business to a third party or a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, the full or partial write-down of capital instruments, the dilution of capital instruments through the issuance of new equity, the full or partial write-down or conversion into equity of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), discontinuing the listing and admission to trading of

financial instruments, the dismissal of managers or the appointment of a special manager (*administrateur spécial*).

Certain powers, including the full or partial write-down of capital instruments, the dilution of capital instruments through the issuance of new equity, the full or partial write-down or conversion into equity of additional capital instruments qualifying as tier 1 and tier 2 (such as subordinated bonds), can also be exercised as a precautionary measure, outside of resolution proceedings and/or pursuant to the European Commission's State Aid framework if the institution requires exceptional public financial support.

The implementation of these tools and powers may result in significant structural changes to the relevant financial institutions and their groups (including as a result of asset or business sales or the creation of bridge institutions) and in a partial or total write-down, modification or variation of claims of shareholders and creditors.

Pursuant to the SRM, on 19 December 2014, the Council adopted the proposal for a Council implementing act to calculate the contributions of banks to the SRF, which replaces national resolution funds as from 1 January 2016 and provides for annual contributions to the SRF to be made by banks calculated on the basis of their liabilities, excluding own funds and covered deposits and adjusted for risks. Moreover, the Regulation of the European Commission dated 21 October 2014, adopted pursuant to the BRRD provides for an obligation for banks to have adequate financial resources to ensure the effective application of the resolution tools and powers by the relevant resolution authority. In this context, the resolution authorities, such as the ACPR or the SRB, determined the annual contributions that must be paid to resolution financing arrangements by each banking institution in proportion to its risk profile. As a consequence, contributions to the SRF and to resolution financing arrangements are significant for BNPP and hence weigh on its results of operations.

Moreover, the Directive of 16 April 2014 on deposit guarantee schemes, transposed into French law by the Ordinance of 20 August 2015 created national deposit guarantee schemes. Other proposals for legislative and regulatory reforms could also have an impact if they were enacted into law. Thus, a draft European Parliament Regulation dated 24 November 2015 completed such Directive of 16 April 2014 through a step plan to create a European deposit insurance scheme that will progressively cover all or part of participating national deposit guarantee schemes.

On 23 November 2016, the European Commission issued several legislative proposals proposing to amend a number of key EU banking directives and regulations, including CRD 4/CRR, BRRD and the SRM, the purpose of which is inter alia to reflect more accurately long-term funding risk and excessive leverage, increase the loss-absorption capacity of globally significant institutions, improve the treatment of market risks by increasing the risk sensitivity of the existing rules and increase convergence within the European Union in the area of insolvency law and restructuring proceedings, particularly through the introduction of a moratorium tool. These proposals remain subject to amendments by the Parliament and the Council and are scheduled to be adopted in 2019. It is not yet possible to assess the full impact of these proposals.

Furthermore, a proposal for a Regulation of the European Parliament and of the Council of 29 January 2014 on structural measures improving the resilience of EU credit institutions, as

amended on 19 June 2015, would prohibit certain proprietary trading activities by European credit institutions that meet certain criteria (particularly as to size) and require them to conduct certain high-risk trading activities only through subsidiaries.

Finally, new regulations designed to enhance the transparency and soundness of financial markets, such as the so-called "EMIR" Regulation of 4 July 2012 on OTC derivatives, central counterparties and trade repositories and the measures adopted or to be adopted thereunder (including in relation to the Commission delegated Regulation of 4 October 2016 that specifies how margin should be calculated and exchanged in respect of non-cleared OTC derivative contracts), Regulation of 25 November 2015 on transparency of securities financing transactions and Directive and Regulation of 15 May 2014 on markets in financial instruments ("**MiFID 2**") may be a source of additional uncertainty and compliance risk and, more generally, the costs incurred due to the implementation of such regulations may have a negative impact on the profitability of certain activities currently conducted by BNPP and weigh on BNPP's results of operations and financial condition.

### *U.S Laws and Regulations*

Bank regulation in the United States has been substantially changed and expanded in the wake of the financial crisis, including as follows. A final rule issued by the Board of Governors of the U.S. Federal Reserve System (the "**Federal Reserve Board**") imposing enhanced prudential standards on the U.S. operations of large foreign banks required BNPP to designate or create an intermediate holding company ("**IHC**") for its U.S. subsidiaries by 1 July 2016. BNPP's IHC, BNP Paribas USA, Inc., must comply with risk-based and leverage capital requirements, liquidity requirements, long-term debt requirements, supervisory stress testing and capital planning requirements as well as other prudential requirements on a stand-alone basis. In addition, on 4 March 2016, the Federal Reserve Board re-proposed single counterparty credit limits that would apply to both the U.S. IHCs and the combined U.S. operations (including U.S. branch operations) of systemically important foreign banking organizations (such as BNPP). Under proposals that remain under consideration, the IHC and the combined U.S. operations of BNPP may become subject to limits on credit exposures to any single counterparty, and the combined U.S. operations of BNPP may also become subject to an early remediation regime which could be triggered by risk-based capital, leverage, stress tests, liquidity, risk management and market indicators. The Federal Reserve Board has also indicated that it is considering future rulemakings that could apply the U.S. rules implementing the Basel III liquidity coverage ratio and net stable funding ratio to the combined U.S. operations (including U.S. branch operations) of certain large foreign banking organizations. The scope and timing for the implementation of these liquidity requirements as well as additional expected changes to the capital and stress testing requirements and their impact on BNPP is difficult to predict at this point. On 15 December 2016, the Federal Reserve Board issued final rules that implement in the United States the Financial Stability Board's standards for a TLAC framework. The final rules require, among other things, BNPP's U.S. IHC to maintain minimum levels of TLAC, consisting of the IHC's Tier 1 capital plus a minimum amount of long-term debt satisfying certain eligibility criteria, and a related TLAC buffer. BNPP will be subject to these requirements commencing 1 January 2019. BNPP's U.S. IHC will be required to issue this long-term debt internally to any foreign affiliate that is wholly owned, directly or indirectly, by BNPP, for so long as BNPP maintains a single-point-of-entry resolution strategy. The rules also impose limitations on the types and amount of other financial transactions that BNPP's U.S. IHC may engage in. On 23 September 2016, the Federal Reserve Board proposed additional prudential requirements with

respect to the physical commodity activities of financial holding companies ("**FHCs**") (such as BNPP), including significantly elevated capital requirements for physical commodity activities (and for investments in merchant banking companies that engage in physical commodity activities) that, according to the Federal Reserve Board, have the potential to expose an FHC to environmental liability. Finally, the "Volcker Rule", adopted by the U.S. regulatory authorities in December 2013, places certain restrictions on the ability of U.S. and non-U.S. banking entities, including BNPP and its affiliates, to engage in proprietary trading and to sponsor or invest in private equity and hedge funds. BNPP was generally required to come into compliance with the Volcker Rule by July 2015, although the Federal Reserve Board has extended the conformance deadline for pre-2014 "legacy" investments in and relationships with private equity funds and hedge funds until 21 July 2017. The Volcker Rule's implementing regulations are highly complex and may be subject to further regulatory interpretation and guidance, and its full impact will not be known with certainty for some time. U.S. regulators have also recently adopted or proposed new rules regulating OTC derivatives activities under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act. In late 2015, the Federal Reserve Board and other U.S. banking regulators finalized margin requirements applicable to uncleared swaps and security-based swaps entered into by swap dealers, major swap participants, security-based swap dealers and major security-based swap participants that are regulated by one of the U.S. banking regulators, including BNPP. These margin requirements, which began a progressive entry into effect in September 2016, will require BNPP to post and collect additional, high-quality collateral for certain transactions, which will increase the costs of uncleared swaps and security-based swaps offered by BNPP to its customers who are "U.S. persons" as defined under the rules which apply globally. The U.S. Commodity Futures Trading Commission also finalized rules in 2016 that will require additional interest rate swaps to be cleared, which are expected to come into effect in phases based on the implementation of parallel clearing requirements in non-U.S. jurisdictions and in any event by October 2018, and has also proposed rules that would apply position limits to certain physical commodity swaps. The U.S. Securities and Exchange Commission also finalized rules in 2015 and 2016 regarding the registration of security-based swap dealers and major security-based swap participants, business conduct and trade acknowledgment and verification requirements for such entities, and obligations relating to transparency and mandatory reporting of security-based swap transactions. Further rules and regulations are expected in 2017 to complete this regulatory framework. The scope and timing for the implementation of these requirements, and therefore their impact on BNPP's swap business, is difficult to predict at this stage.

In sum, extensive legislative and regulatory reform in respect of financial institutions has been enacted in recent years and some remains in progress. It is impossible to accurately predict which additional measures will be adopted or to determine the exact content of such measures and, given the complexity and uncertainty of a number of these measures, their ultimate impact on BNPP. The overall effect of these measures, whether already adopted or in the process of being adopted, has been and may further be to restrict BNPP's ability to allocate and apply capital and funding resources, limit its ability to diversify risk, reduce the availability of certain funding and liquidity resources, increase its funding costs, increase the cost for or reduce the demand for the products and services it offers, result in the obligation to carry out internal reorganizations, structural changes or divestitures, affect its ability to conduct (or impose limitations on) certain types of business as currently conducted, limit its ability to attract and retain talent, and, more generally, affect its competitiveness and profitability, which would in turn have an adverse effect on its business, financial condition, and results of operations.

*BNPP is subject to extensive and evolving regulatory regimes in the jurisdictions in which it operates.*

BNPP faces the risk of changes in legislation or regulation in all of the countries in which it operates, including, but not limited to, the following:

- monetary, liquidity, interest rate and other policies of central banks and regulatory authorities;
- changes in government or regulatory policy that may significantly influence investor decisions, in particular in the markets in which the Group operates;
- changes in regulatory requirements applicable to the financial industry, such as rules relating to applicable governance, remunerations, capital adequacy and liquidity frameworks, restrictions on activities considered as speculative and recovery and resolution frameworks;
- changes in securities regulations as well as in financial reporting, disclosure and market abuse regulations;
- changes in the regulation of certain types of transactions and investments, such as derivatives and securities financing transactions and money market funds;
- changes in the regulation of market infrastructures, such as trading venues, central counterparties, central securities depositories, and payment and settlement systems;
- changes in tax legislation or the application thereof;
- changes in accounting norms;
- changes in rules and procedures relating to internal controls, risk management and compliance;
- expropriation, nationalisation, price controls, exchange controls, confiscation of assets and changes in legislation relating to foreign ownership;

These changes, the scope and implications of which are highly unpredictable, could substantially affect BNPP and have an adverse effect on its business, financial condition and results of operations. Some reforms not aimed specifically at financial institutions, such as measures relating to the funds industry or promoting technological innovation (such as open data projects), could facilitate the entry of new players in the financial services sector or otherwise affect BNPP's business model, competitiveness and profitability, which could in turn affect its financial condition and results of operations.

*BNPP may incur substantial fines and other administrative and criminal penalties for non-compliance with applicable laws and regulations, and may also incur losses in related (or unrelated) litigation with private parties.*

BNPP is exposed to regulatory compliance risk, i.e. the failure to comply fully with the laws, regulations, codes of conduct, professional norms or recommendations applicable to the financial services industry. This risk is exacerbated by the adoption by different countries of multiple and occasionally diverging and even conflicting legal or regulatory requirements. Besides damage to BNPP's reputation and private rights of action (including class actions introduced into French law in 2014), non-compliance could lead to material legal proceedings, fines and expenses (including fines and expenses in excess of recorded provisions), public reprimand, enforced suspension of operations or, in extreme cases, withdrawal by the authorities of operating licenses. This risk is further exacerbated by continuously increasing regulatory scrutiny of financial institutions. Moreover, litigation by private parties against financial institutions has substantially increased in recent years. Accordingly, BNPP faces significant

legal risk in its business, and the volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms have substantially increased in recent years and may increase further.

In this respect, on 30 June 2014 BNPP entered into a series of agreements with, and was the subject of several orders issued by, U.S. federal and New York state government agencies and regulatory authorities including the U.S. Department of Justice, the New York County District Attorney's Office, the U.S. Attorney's Office for the Southern District of New York, the Board of Governors of the Federal Reserve System, the Office of Foreign Assets Control of the U.S. Department of the Treasury and the New York State Department of Financial Services, in settlement of investigations into violations of U.S. laws and regulations regarding economic sanctions. The fines and penalties imposed on BNPP as part of this settlement included, among other things, the payment of monetary penalties amounting in the aggregate to \$8.97 billion (€6.6 billion), guilty pleas by BNP Paribas S.A., the parent company of the BNP Paribas group, to charges of having violated U.S. federal criminal law (conspiracy to violate the Trading with the Enemy Act and the International Emergency Economic Powers Act) and New York State criminal law (conspiracy and falsifying business records), and the suspension of the New York branch of BNP Paribas for (a) a one-year period (2015) of USD direct clearing focused mainly on the Oil & Gas Energy and Commodity Finance business line in certain locations and (b) a two-year period of U.S. dollar clearing as a correspondent bank for unaffiliated third party banks in New York and London. Following this settlement, BNPP remains subject to increased scrutiny by regulatory authorities (including via the presence within BNPP of an independent consultant) who are monitoring its compliance with a remediation plan agreed with them.

BNPP is currently involved in various litigations and investigations as summarized in Note 7.b "Contingent liabilities: legal proceedings and arbitration" to its 2016 consolidated financial statements. It may become involved in further such matters at any point. No assurance can be given that an adverse outcome in one or more of such matters would not have a material adverse effect on BNPP's operating results for any particular period.

### **Risks Related to BNPP, its Strategy, Management and Operations**

#### *Risks related to the implementation of BNPP's strategic plans.*

BNPP has announced a certain number of strategic objectives, in particular in a transformation plan for CIB for the 2016-2019 period presented in February 2016 and a strategic plan for the 2017-2020 period presented on 7 February 2017. These plans contemplate a number of initiatives, including the implementation of new customer pathways, the digital transformation of BNPP, continuing to improve operating efficiency and various business development initiatives.

The plans include a number of financial targets and objectives relating to net banking income, operating costs, net income, capital adequacy ratios and return on equity, among other things. These financial targets and objectives were established primarily for purposes of internal planning and allocation of resources, and are based on a number of assumptions with regard to business and economic conditions.

BNPP's actual results could vary significantly from these targets and objectives for a number of reasons, including the occurrence of one or more of the risk factors described elsewhere in this section.

*BNPP may experience difficulties integrating acquired companies and may be unable to realise the benefits expected from its acquisitions.*

BNPP makes acquisitions on a regular basis. Integrating acquired businesses is a long and complex process. Successful integration and the realisation of synergies require, among other things, proper coordination of business development and marketing efforts, retention of key members of management, policies for effective recruitment and training as well as the ability to adapt information and computer systems. Any difficulties encountered in combining operations could result in higher integration costs and lower savings or revenues than expected. There will accordingly be uncertainty as to the extent to which anticipated synergies will be achieved and the timing of their realisation. Moreover, the integration of BNPP's existing operations with those of the acquired operations could interfere with the respective businesses and divert management's attention from other aspects of BNPP's business, which could have a negative impact on the business and results of BNPP. In some cases, moreover, disputes relating to acquisitions may have an adverse impact on the integration process or have other adverse consequences, including financial ones.

Although BNPP undertakes an in-depth analysis of the companies it plans to acquire, such analyses often cannot be complete or exhaustive. As a result, BNPP may increase its exposure to doubtful or troubled assets and incur greater risks as a result of its acquisitions, particularly in cases in which it was unable to conduct comprehensive due diligence prior to the acquisition.

*Intense competition by banking and non-banking operators could adversely affect BNPP's revenues and profitability.*

Competition is intense in all of BNPP's primary business areas in France and the other countries in which it conducts a substantial portion of its business, including other European countries and the United States. Competition in the banking industry could intensify as a result of consolidation in the financial services area or as a result of the presence of new players in the payment and the financing services area or the development of crowdfunding. In particular, competitors subject to less extensive regulatory requirements or to less strict capital requirements (e.g., debt funds, shadow banks), or benefiting from economies of scale, data synergies or technological innovation (e.g., internet and mobile operators, fintechs), could be more competitive. If BNPP is unable to respond to the competitive environment in France or in its other major markets by offering attractive and profitable product and service solutions, it may lose market share in key areas of its business or incur losses on some or all of its activities. In addition, downturns in the economies of its principal markets could add to the competitive pressure, through, for example, increased price pressure and lower business volumes for BNPP and its competitors. It is also possible that the presence in the global marketplace of State-owned financial institutions, or financial institutions benefiting from State guarantees or other similar advantages, or the imposition of more stringent requirements (particularly capital requirements and business restrictions) on large or systemically significant financial institutions, could lead to distortions in competition in a manner adverse to large private-sector institutions such as BNPP.

*A substantial increase in new provisions or a shortfall in the level of previously recorded provisions could adversely affect BNPP's results of operations and financial condition.*

In connection with its lending activities, BNPP regularly establishes provisions for loan losses, which are recorded in its profit and loss account under "cost of risk". BNPP's overall level of provisions is based on its assessment of prior loss experience, the volume and type of lending being conducted, industry standards, past due loans, economic conditions and other factors related to the recoverability of various loans. Although BNPP seeks to establish an appropriate level of provisions, its lending businesses may have to increase their provisions for loan losses substantially in the future as a result of deteriorating economic conditions or other causes. Any significant increase in provisions for loan losses or a significant change in BNPP's estimate of the risk of loss inherent in its portfolio of non-impaired loans, as well as the occurrence of loan losses in excess of the related provisions, could have a material adverse effect on BNPP's results of operations and financial condition.

BNPP also establishes provisions for contingencies and charges including in particular provisions for litigations. Any loss arising from a risk that has not already been provisioned or that is greater than the amount of the provision would have a negative impact on BNPP's results of operation and, potentially, its financial condition.

*BNPP's risk management policies, procedures and methods may leave it exposed to unidentified or unanticipated risks, which could lead to material losses.*

BNPP has devoted significant resources to developing its risk management policies, procedures and assessment methods and intends to continue to do so in the future. Nonetheless, BNPP's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic and market environments or against all types of risk, particularly risks that BNPP may have failed to identify or anticipate. BNPP's ability to assess the creditworthiness of its customers or to estimate the values of its assets may be impaired if, as a result of market turmoil such as that experienced in recent years, the models and approaches it uses become less predictive of future behaviour, valuations, assumptions or estimates. Some of BNPP's qualitative tools and metrics for managing risk are based on its use of observed historical market behaviour. BNPP applies statistical and other tools to these observations to arrive at quantifications of its risk exposures. The process BNPP uses to estimate losses inherent in its credit exposure or estimate the value of certain assets requires difficult, subjective, and complex judgments, including forecasts of economic conditions and how these economic predictions might impair the ability of its borrowers to repay their loans or impact the value of assets, which may, during periods of market disruption, be incapable of accurate estimation and, in turn, impact the reliability of the process. These tools and metrics may fail to predict future risk exposures, e.g., if BNPP does not anticipate or correctly evaluate certain factors in its statistical models, or upon the occurrence of an event deemed extremely unlikely by the tools and metrics. This would limit BNPP's ability to manage its risks. BNPP's losses could therefore be significantly greater than the historical measures indicate. In addition, BNPP's quantified modelling does not take all risks into account. Its more qualitative approach to managing certain risks could prove insufficient, exposing it to material unanticipated losses.

*BNPP's hedging strategies may not prevent losses.*

If any of the variety of instruments and strategies that BNPP uses to hedge its exposure to various types of risk in its businesses is not effective, BNPP may incur losses. Many of its strategies are based on historical trading patterns and correlations. For example, if BNPP holds a long position in an asset, it may hedge that position by taking a short position in another asset



where the short position has historically moved in a direction that would offset a change in the value of the long position. However, the hedge may only be partial, or the strategies used may not protect against all future risks or may not be fully effective in mitigating BNPP's risk exposure in all market environments or against all types of risk in the future. Unexpected market developments may also reduce the effectiveness of BNPP's hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in BNPP's reported earnings.

*Adjustments to the carrying value of BNPP's securities and derivatives portfolios and BNPP's own debt could have an impact on its net income and shareholders' equity.*

The carrying value of BNPP's securities and derivatives portfolios and certain other assets, as well as its own debt, in its balance sheet is adjusted as of each financial statement date. Most of the adjustments are made on the basis of changes in fair value of its assets or its debt during an accounting period, with the changes recorded either in the income statement or directly in shareholders' equity. Changes that are recorded in the income statement, to the extent not offset by opposite changes in the value of other assets, affect its consolidated revenues and, as a result, its net income. All fair value adjustments affect shareholders' equity and, as a result, its capital adequacy ratios. The fact that fair value adjustments are recorded in one accounting period does not mean that further adjustments will not be needed in subsequent periods.

*The expected changes in accounting principles relating to financial instruments may have an impact on BNPP's balance sheet and regulatory capital ratios and result in additional costs.*

In July 2014, the International Accounting Standards Board published International Financial Reporting Standard 9 ("**IFRS 9**") "Financial Instruments", which is set to replace IAS 39 as from 1 January 2018 after its adoption by the European Union. The standard amends and complements the rules on the classification and measurement of financial instruments. It includes a new impairment model based on expected credit losses ("**ECL**"), while the current model is based on provisions for incurred losses, and new rules on general hedge accounting. The new approach based on ECL could result in substantial additional impairment charges for BNPP and add volatility to its regulatory capital ratios, and the costs incurred by BNPP relating to the implementation of such norms may have a negative impact on its results of operations.

*BNPP's competitive position could be harmed if its reputation is damaged.*

Considering the highly competitive environment in the financial services industry, a reputation for financial strength and integrity is critical to BNPP's ability to attract and retain customers. BNPP's reputation could be harmed if it fails to adequately promote and market its products and services. BNPP's reputation could also be damaged if, as it increases its client base and the scale of its businesses, BNPP's comprehensive procedures and controls dealing with conflicts of interest fail, or appear to fail, to address conflicts of interest properly. At the same time, BNPP's reputation could be damaged by employee misconduct, fraud or misconduct by market participants to which BNPP is exposed, a decline in, a restatement of, or corrections to its financial results, as well as any adverse legal or regulatory action such as the settlement BNPP entered into in with the U.S. authorities for violations of U.S. laws and regulations regarding economic sanctions. Such risks to reputation have recently increased as a result of the growing use of social networks within the economic sphere. The loss of business that could result from

damage to the Bank's reputation could have an adverse effect on its results of operations and financial position.

*An interruption in or a breach of BNPP's information systems may result in material losses of client or customer information, damage to BNPP's reputation and lead to financial losses.*

As with most other banks, BNPP relies heavily on communications and information systems to conduct its business. This dependency has increased with the spread of mobile and online banking services, and the development of cloud computing. Any failure or interruption or breach in security of these systems could result in failures or interruptions in BNPP's customer relationship management, general ledger, deposit, servicing and/or loan organisation systems. BNPP cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. An increasing number of companies (including financial institutions) have in recent years experienced intrusion attempts or even breaches of their information technology security, some of which have involved sophisticated and highly targeted attacks on their computer networks. Because the techniques used to obtain unauthorised access, disable or degrade service, steal confidential data or sabotage information systems have become more sophisticated, change frequently and often are not recognised until launched against a target, BNPP may be unable to anticipate these techniques or to implement in a timely manner effective and efficient countermeasures. Any failures of or interruptions in BNPP's information systems and any subsequent disclosure of confidential information related to any client, counterpart or employee of BNPP (or any other person) or any intrusion or attack against BNPP's communication system could have an adverse effect on BNPP's reputation, financial condition and results of operations.

*Unforeseen external events may disrupt BNPP's operations and cause substantial losses and additional costs.*

Unforeseen events such as an adverse change in the political, military or diplomatic environments, political and social unrest, severe natural disasters, a pandemic, terrorist attacks, military conflicts or other states of emergency could affect the demand for the products and services offered by BNPP, or lead to an abrupt interruption of BNPP's operations, in France or abroad, and could cause substantial losses that may not necessarily be covered by an insurance policy. Such losses can relate to property, financial assets, trading positions and key employees. Such unforeseen events could also lead to temporary or longer-term business interruption, additional costs (such as relocation of employees affected) and increase BNPP's costs (particularly insurance premiums)."

## DOCUMENTS INCORPORATED BY REFERENCE

The "**DOCUMENTS INCORPORATED BY REFERENCE**" section on page 69 to 77 of the Base Prospectus is amended as follows:

- (a) In the table entitled "*Second Update to the BNPP 2015 Registration Document*" under the heading "**BNP PARIBAS**", the line item "Risk factors" is deleted in its entirety and replaced as follows:

|              |  |
|--------------|--|
| Risk factors | Page 67 and pages 154 to 163 of the Second Update to the BNPP 2015 Registration Document |
|--------------|--|

- (b) In the table entitled "*Third Update to the BNPP 2015 Registration Document*" (which was added to the Base Prospectus by virtue of the First Supplement) under the heading "**BNP PARIBAS**", the line item "Risk factors" is deleted in its entirety and replaced as follows:

|              |   |
|--------------|---|
| Risk factors | Page 73 and pages 75 to 79 of the Third Update to the BNPP 2015 Registration Document |
|--------------|---|

- (c) In the table entitled "**2015 FINANCIAL STATEMENTS**" under the heading "**BNP PARIBAS**", the line item "Statement of changes in shareholders' equity between 1 January 2015 and 31 December 2015" is deleted in its entirety and replaced as follows:

|  |  |
|--|--|
| Statement of changes in shareholders' equity between 1 January 2014 and 31 December 2015 | Pages 136 and 137 of the BNPP 2015 Registration Document |
|--|--|

## AMENDMENTS TO THE FORM OF FINAL TERMS FOR CERTIFICATES

*In relation to the amendments to Item 41 (Additional U.S. federal income tax consequences) in the Form of Final Terms for W&C Securities set out in this section: (i) text which, by virtue of this Second Supplement, is deleted therefrom is shown with a line drawn through the middle of the deleted text, and (ii) text which, by virtue of this Second Supplement, is added thereto is shown underlined.*

Item 41 (Additional U.S. federal income tax consequences) in the Form of Final Terms for Certificates on pages 129 et seq. of the Base Prospectus is amended as follows:

|     |  |   |
|-----|--|---|
| 41. | Additional U.S. Federal income tax considerations: | <p><i>[insert details]/[Not applicable]/[The Securities <del>are</del>shall [not] <del>be treated as</del> Specified Securities (as defined in the Base Prospectus) for the purpose of Section 871(m) of the U.S. Internal Revenue Code of 1986.] [Additional information regarding the application of Section 871(m) to the Securities will be available at [give name(s) and addresses]. [The Issuer will arrange for withholding under Section 871(m) to be imposed on any dividend equivalent payment at a rate of 30%.]]</i></p> <p><i><u>(The Securities will not be Specified Securities if they (i) are issued prior to 1 January 2018 and provide a return that differs significantly from the return on an investment in the underlying or (ii) do not reference any U.S. equity or any index that contains any component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities. If the Securities are issued on or after 1 January 2018 and reference a U.S. equity or an index that contains a component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities, further analysis would be required. If the Securities are Specified Securities, include the "Additional information" sentence and provide the appropriate contact information.)</u></i></p> |
|-----|--|---|

## AMENDMENTS TO ANNEX 6 – ADDITIONAL TERMS AND CONDITIONS FOR INFLATION INDEX SECURITIES

*In relation to the amendments to the definition of "Relevant Level" in Annex 7 – Additional Terms and Conditions for Inflation Index Securities set out in this section: (i) text which, by virtue of this Second Supplement, is deleted therefrom is shown with a line drawn through the middle of the deleted text, and (ii) text which, by virtue of this Second Supplement, is added thereto is shown underlined.*

The definition of "**Relevant Level**" in Annex 6 – Additional Terms and Conditions for Inflation Index Securities on pages 378 et seq. of the Base Prospectus is amended as follows:

"**Relevant Level**" means, in respect of any Valuation Date, the level of the Inflation Index, in respect of any Reference Month which is to be utilised in any calculation or determination to be made by the Issuer in respect of such ~~Redemption~~ Valuation Date at any time on or prior to the Cut-Off Date;

## AMENDMENTS TO THE HIRING INCENTIVES TO RESTORE EMPLOYMENT ACT SECTION

*In relation to the amendments to the section titled "Hiring Incentives to Restore Employment Act" set out in this section: (i) text which, by the virtue of this Second Supplement, is added thereto, is shown underlined and (ii) text which, by the virtue of this Second Supplement, is deleted therefrom, is shown with a line through the middle of the deleted text.*

The "Hiring Incentives to Restore Employment Act" section on page 532 of the Base Prospectus is amended as follows:

The U.S. Hiring Incentives to Restore Employment Act introduced Section 871(m) of the U.S. Internal Revenue Code of 1986 (the "Code") which treats a "dividend equivalent" payment as a dividend from sources within the United States. Under Section 871(m), such payments generally would be subject to a 30% per cent. U.S. withholding tax that may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner timely claims a credit or refund from the IRS-U.S. Internal Revenue Service (the "IRS"). A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in (i) and (ii). Recently published final U.S. Treasury regulations issued under Section 871(m) (together with any amendments or official guidance relating thereto, the Section 871(m) Regulations) will, when effective, require withholding on certain non-U.S. holders of the Securities with respect to amounts treated as attributable to dividends from certain U.S. securities. Under the Section 871(m) Regulations, only a Security that has an expected economic return sufficiently similar to that of the underlying U.S. security, as determined on the Security's issue date based on tests set forth in the Section 871(m) Regulations, will be subject to the Section 871(m) withholding regime (making such Security a Specified Security). The Section 871(m) Regulations provide certain exceptions to this withholding requirement, in particular for instruments linked to certain broad-based indices.

Withholding in respect of dividend equivalents will generally be required when cash payments are made on a Specified Security or upon the date of maturity, lapse or other disposition by the non-U.S. holder of the Specified Security. ~~If the underlying U.S. security or securities are expected to pay dividends during the term of the Specified Security, withholding generally will still be required even if the Specified Security does not provide for payments explicitly linked to dividends. If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.~~

The Section 871(m) Regulations generally apply to Specified Securities issued beginning on or after 1 January 2017. If the terms of a Security are subject to a "significant modification" such that (as defined for U.S. tax purposes), the Security is- generally would be treated as retired and reissued, it on the date of such modification for purposes of determining, based on economic conditions in effect at that time, whether such Security is a Specified Security. Similarly, if additional Securities of the same series are issued (or deemed issued for U.S. tax purposes, such as certain sales of Securities out of inventory) after the original issue date, the IRS could lose its "treat the issue date for determining whether the existing Securities are Specified Securities as the date of such subsequent sale or issuance. Consequently, a previously grandfathered" status and Security, or otherwise out of scope Security, might become a Specified Security based on economic conditions in effect at that time following such modification or further issuance.

Upon the issuance of a series of Securities, the Issuer will state in the The applicable Final Terms if it will indicate whether the Issuer has determined that they Securities are Specified Securities and will specify contact details for obtaining additional information regarding the application of Section 871(m) to such Securities. If Securities are Specified Securities, in which case a non-U.S. holder of the such Securities should expect to be subject to withholding in respect of any dividend-paying U.S. securities underlying those Securities. The Issuer's determination is binding on non-U.S. holders of the Securities, but it is not binding on the IRS. The Section 871(m) Regulations require complex calculations to be made with respect to Securities linked to U.S. securities and their application to a specific issue of Securities may be uncertain. Prospective investors should consult their tax advisers regarding the potential application of Section 871(m) to the Securities.

If so specified in the Final Terms, the Issuer will arrange for withholding under Section 871(m) to be imposed on any dividend equivalent payment at a rate of 30 per cent.

## AMENDMENTS TO THE GENERAL INFORMATION SECTION

The General Information section on pages 541 to 545 of the Base Prospectus is amended as follows:

- (a) the table under the heading "14. Capitalization of BNPP and the BNP Paribas Group" is deleted in its entirety and replaced with the following:

| <b>TABLE OF CAPITALIZATION AND MEDIUM-TO-LONG TERM INDEBTEDNESS</b>                            |   |   |
|--|---|---|
| Millions of Euros  | <b>BNP PARIBAS GROUP</b><br>31 December 2015<br>(audited) | <b>BNP PARIBAS GROUP</b><br>31 December 2016<br>(unaudited) |
| Medium - and Long-Term Debt<br>of which unexpired term to maturity<br>is more<br>than one year |   |   |
| Debt securities at fair value through<br>profit or lost  | 34,889  | 36,215  |
| Other debt securities  | 65,756  | 58,205  |
| Subordinated debt  | 12,070  | 12,341  |
| <b>Total Medium - and Long-Term<br/>Debt.....</b>  | <b>112,715</b>  | <b>106,761</b>  |
| Shareholders' Equity and<br>Equivalents  |   |   |
| Issued Capital<br>.....  | 2,493   | 2,494   |
| Additional paid-in<br>capital.....   | 24,404  | 24,454  |
| Preferred shares and equivalent<br>instruments.....  | 7,855   | 8,430   |
| Retained earnings  | 51,906  | 55,754  |

|  |                |                |
|--|----------------|----------------|
| .....<br>Unrealised or deferred gains and<br>losses attributable to shareholders | 6,736          | 6,169          |
| Undated participating subordinated<br>notes ....                                 | 222            | 222            |
| Undated Subordinated<br>FRNs.....  | 1,811          | 1,789          |
| <b>Total Shareholders' Equity and<br/>Equivalents</b>                            | <b>95,427</b>  | <b>99,312</b>  |
| Minority<br>Interest.....  | 3,719          | 4,431          |
| <b>Total Capitalization and Medium<br/>to Long Term Indebtedness</b>             | <b>211,861</b> | <b>210,504</b> |



## **B. RESPONSIBILITY**

Each of BNPP B.V. (in respect of itself) and BNPP (in respect of itself and BNPP B.V.) accepts responsibility for the information contained in this Second Supplement. To the best of the knowledge of each of BNPP B.V. and BNPP (who have taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

Signed on behalf of BNP Paribas Arbitrage Issuance B.V.

Paris, dated 9 March 2017:

By:


**Caroline Couture**



Signed on behalf of BNP Paribas

Paris, dated 9 March 2017:

By:



Lars Machenil in his capacity as Chief Financial Officer

## **ANNEX**

# 2016 FULL YEAR RESULTS

## PRESS RELEASE

Paris, 7 February 2017



### REVENUE GROWTH DESPITE A LOW INTEREST RATE ENVIRONMENT AND A LACKLUSTRE MARKET CONTEXT THIS YEAR

**REVENUES: +1.1% vs. 2015**

### COST CONTAINMENT

**+0.4% vs. 2015**

### RISE IN GROSS OPERATING INCOME

**+2.6% vs. 2015**

### SIGNIFICANT DECREASE IN THE COST OF RISK

**-14.1% vs. 2015 (46 bp)\***

### RISE IN NET INCOME GROUP SHARE

**€7,702 M (+15.1% vs. 2015)**

**DIVIDEND PER SHARE: €2.70\*\***

### SOLID ORGANIC CAPITAL GENERATION

**CET1\*\*\*: 11.5% (+60 bp vs. 31.12.15)**

\* COST OF RISK/CUSTOMER LOANS AT THE BEGINNING OF THE PERIOD; \*\* SUBJECT TO THE APPROVAL OF THE ANNUAL GENERAL MEETING ON 23 MAY 2017; \*\*\* AS AT 31 DECEMBER 2016, CRD4 (FULLY LOADED RATIO)



**BNP PARIBAS**

The bank  
for a changing  
world

# 2016 FULL YEAR RESULTS

## PRESS RELEASE

Paris, 7 February 2017



### **SUCCESS OF THE 2014-2016 BUSINESS DEVELOPMENT PLAN**

**Progress on all the major strategic priorities**

**ROE in line with the objective of the plan**

### **LAUNCH OF THE NEW 2017-2020 BUSINESS DEVELOPMENT PLAN**

**Leverage the strength of the integrated and diversified business model**

**Build the bank of the future by accelerating digital transformation**

**Conduct an ambitious Corporate Social Responsibility policy**

\*  
\* \*

Commenting on these results, Chief Executive Officer Jean-Laurent Bonnafé stated:

*“With 7.7 billion euros net income, BNP Paribas delivered a good performance in 2016 thanks to its integrated and diversified business model and the dedicated work of all its employees.*

*Revenues are up despite a lacklustre environment this year. Costs were well contained and the cost of risk was significantly lower.*

*The Group’s balance sheet is rock-solid and the significant increase in the fully loaded Basel 3 common equity Tier 1 ratio to 11.5% testifies the capital generation.*

*After the success of its 2014-2016 plan, which allowed to attain the defined targets, the Group now unveils its 2020 business development plan that announces an acceleration of digitalisation and targets an average growth of net income of more than 6.5% per year until 2020.*

*Serving its customers all over the world, the Group is thus building the bank of the future.”*

The Board of Directors of BNP Paribas met on 6 February 2017. The meeting was chaired by Jean Lemierre and the Board examined the Group's results for the fourth quarter and endorsed the 2016 financial statements.

## **RISE IN INCOME AND SOLID CAPITAL GENERATION**

BNP Paribas delivered a good overall performance this year, showing the strength of its integrated and diversified business model.

Revenues totalled 43,411 million euros, up by 1.1% compared to 2015 despite the low interest rate environment and a lacklustre market context this year. They included this year the exceptional impact of +597 million euros of the capital gain from the sale of Visa Europe shares as well as the -59 million euros in Own Credit Adjustment (OCA) and own credit risk included in derivatives (DVA) (+314 million euros in 2015).

Revenues were up by 0.2% in the operating divisions and by 0.9 % at constant scope and exchange rates given an unfavourable exchange rate. They were down by 0.5% in Domestic Markets<sup>1</sup> (-1.2% at constant scope and exchange rates) due to the low interest rate environment, rose by 1.2% at International Financial Services (+2.7% at constant scope and exchange rates) and decreased by 0.3% at CIB but were up by 1.2% at constant scope and exchange rates despite a particularly challenging market environment in the first quarter of 2016.

Operating expenses, which amounted to 29,378 million euros, were well contained (+0.4% compared to 2015). They included exceptional items for a total of 749 million euro impact (862 million euros in 2015): 159 million euros in the acquisitions' restructuring costs<sup>2</sup> (171 million euros in 2015), 395 million euros in CIB transformation costs (0 in 2015), 144 million euros in restructuring costs related to the businesses<sup>3</sup> (0 in 2015) and the 52 million euros compulsory contribution to the resolution process of 4 Italian banks (69 million euros in 2015). They no longer included any costs related to the Simple & Efficient plan (622 million euros in 2015): in line with the target, the final costs related to this plan were booked in the fourth quarter 2015.

The operating expenses of the operating divisions were up by 1.0%: +2.3% for Domestic Markets<sup>1</sup>, +2.3% for International Financial Services and -1.8% for CIB. At constant scope and exchange rates, they rose by 0.5%<sup>4</sup> for Domestic Markets, by 3.6%<sup>4</sup> for International Financial Services and 0.1% for CIB. They included the impact of new regulations and of the strengthening of compliance but benefited from the success of the Simple & Efficient savings plan which offset the natural costs' drift, as well as from the first effects of CIB's savings plan.

The Group's gross operating income was up thus by 2.6%, at 14,033 million euros.

The cost of risk was down significantly by 14.1% due in particular to the good control of risk at loan origination, the low interest rate environment and the continued improvement in Italy. It came to 3,262 million euros (3,797 million euros in 2015) or 46 basis points of outstanding customer loans.

The Group's operating income rose by 10.1% to 10,771 million euros (9,787 million euros in 2015).

Non operating items totalled +439 million euros (+592 million euros in 2015). They included this year -127 million euros<sup>5</sup> in goodwill impairment (-993 million euros in goodwill impairments in 2015<sup>6</sup>). Non operating items also included in 2015 a +716 million euros capital gain from the sale

<sup>1</sup> Including 100% of Private Banking in the domestic networks (excluding PEL/CEL effects)

<sup>2</sup> LaSer, Bank BGZ, DAB Bank and GE LLD

<sup>3</sup> BNL bc (50 million euros), Belgian Retail Banking (80 million euros), Wealth and Asset Management (7 million euros), Corporate Centre (7 million euros)

<sup>4</sup> Excluding exceptional costs

<sup>5</sup> Full goodwill impairment of BGZ

<sup>6</sup> Of which BNL bc's full goodwill impairment: -€917m

of the residual stake in Klépierre-Corio, a +123 million euros dilution capital gain due to the merger between Klépierre and Corio and a +94 million euros capital gain from the sale of a non-strategic stake.

Pre-tax income thus came to 11,210 million euros compared to 10,379 million euros in 2015 (+8.0%).

Net income attributable to equity holders was 7,702 million euros, up by 15.1% compared to 2015. Excluding one-off items<sup>1</sup>, it came to 7,802 million euros (+6.3%). The return on equity was 9.3% (9.4% excluding one-off items). The return on tangible equity came to 11.1% (11.2% excluding one-off items). The net earnings per share was at €6.0.

At 31 December 2016, the fully loaded Basel 3 common equity Tier 1 ratio<sup>2</sup> was 11.5%, up by 60 basis points compared to 31 December 2015, illustrating the solid capital generation of the Group. The fully loaded Basel 3 leverage ratio<sup>3</sup> came to 4.4% (+40 basis points compared to 31 December 2015). The Liquidity Coverage Ratio was 123% at 31 December 2016. Lastly, the Group's immediately available liquidity reserve was 305 billion euros (266 billion euros as at 31 December 2015), equivalent to over one year of room to manoeuvre in terms of wholesale funding.

The net book value per share reached 73.9 euros, equivalent to a compounded annual growth rate of 6.2% since 31 December 2008, illustrating the continuous value creation throughout the cycle.

The Board of Directors will propose at the Shareholders' Meeting the payment of a dividend of €2.70 per share to be paid in cash, equivalent to a 45% pay-out ratio which is in line with the objective of the plan.

The Group is actively implementing the remediation plan agreed as part of the comprehensive settlement with the U.S. authorities and is continuing to reinforce its compliance and control procedures.

The Group's good overall performance this year illustrates the success of the 2014-2016 business development plan. The average annual revenue growth was 4.0% over the period and the target of 10% return on equity, calculated on the basis of a CET1 ratio of 10%, was exceeded<sup>4</sup>.

The Group unveiled the main highlights of its 2017-2020 business development plan. The plan leverages the strength of the integrated and diversified business model and takes into account regulatory constraints which will continue to grow during the period in the current Basel 3 regulatory framework. It is designed to build the bank of the future by continuing the development of the businesses and implementing an ambitious programme of new customer experience, digital transformation and savings. The target is thus to achieve more than 6.5% average annual growth of net income until 2020, a CET1 of 12%<sup>5</sup> in 2020 and a 10% return on equity at that date.

\*  
\* \*

<sup>1</sup> Effect of exceptional items after tax: -100 million euros in 2016, -644 million euros in 2015

<sup>2</sup> Ratio taking into account all the CRD4 rules with no transitory provisions

<sup>3</sup> Ratio taking into account all the CRD4 rules at 2019 with no transitory provisions, calculated according to the delegated act of the European Commission dated 10 October 2014

<sup>4</sup> 10.3% of return on equity in 2016 (excluding one-off items) on the basis of a CET1 ratio of 10%.

<sup>5</sup> With a constant regulatory framework

In the fourth quarter 2016, the Group reported a very solid performance. Revenues totalled 10,656 million euros, up by 2.0% compared to the fourth quarter 2015. They included the exceptional impact of -18 million euros in Own Credit Adjustment (OCA) and own credit risk included in derivatives (DVA) (+160 million euros in the fourth quarter 2015).

Revenues of the operating divisions were up by 2.8% compared to the fourth quarter 2015. They were down at Domestic Markets<sup>1</sup> (-1.0%) due to the persistently low interest rate environment but they were up in International Financial Services (+3.1%) and up significantly at CIB (+8.0%) in connection with a favourable market context. The foreign exchange effect this quarter was negligible.

Operating expenses, at 7,444 million euros, rose by only 0.5% compared to the fourth quarter 2015. They included a total of 342 million euros in exceptional items (355 million euros in the fourth quarter 2015): 48 million euros in acquisitions' restructuring costs<sup>2</sup> (54 million euros in the fourth quarter 2015), 98 million euros in CIB's transformation plan costs (0 in the fourth quarter 2015), 144 million euros in restructuring costs related to the businesses<sup>3</sup> (0 in the fourth quarter 2015) and the 52 million euros compulsory contribution to the resolution process of 4 Italian banks (69 million euros in the fourth quarter 2015). They no longer included any Simple & Efficient transformation costs (232 million euros in the fourth quarter 2015).

Operating expenses rose by 3.0% for Domestic Markets<sup>1</sup> but were down 0.5% excluding the impact of exceptional items<sup>4</sup> thanks to the effects of cost savings measures. They rose by 3.2% for International Financial Services as a result of the development of the businesses and decreased by 3.2% for CIB thanks to the effect of the cost cutting plan and despite business growth.

The gross operating income of the Group thus rose by 5.6%, to 3,212 million euros.

The cost of risk was down by 1.9% compared to the fourth quarter 2015. It came to 950 million euros (968 million euros in the fourth quarter 2015).

Non-operating items totalled +5 million euros (-502 million euros in the fourth quarter 2015 which included in particular -993 million euros<sup>5</sup> in exceptional goodwill impairments and the 352 million euros capital gain from the sale of the residual stake in Klépierre-Corio).

Pre-tax income thus came to 2,267 million euros compared to 1,473 million euros in the fourth quarter 2015 (+53.9%).

BNP Paribas posted 1,442 million euros in net income attributable to equity holders (665 million euros in the fourth quarter 2015). Excluding exceptional items<sup>6</sup>, it was 1,814 million euros, up by 14.3% compared to the same quarter a year earlier.

<sup>1</sup> Including 100% of Private Banking in the domestic networks (excluding PEL/CEL effects)

<sup>2</sup> LaSer, Bank BGZ, DAB Bank, General Electric LLD

<sup>3</sup> BNL bc (50 million euros), Belgian Retail Banking (80 million euros), Wealth and Asset Management (7 million euros) and Corporate Centre (7 million euros)

<sup>4</sup> BNL bc and Belgian Retail Banking restructuring costs totalling 130 million euros (20 million euros in the fourth quarter 2015) and a 47 million euros compulsory contribution to the resolution process of 4 Italian banks (65 million euros in the fourth quarter 2015)

<sup>5</sup> Of which BNL bc's full goodwill impairment: -917 million euros

<sup>6</sup> Effect of exceptional items after tax: -372 million euros in the fourth quarter 2016 (-922 million euros in the fourth quarter 2015)



## **RETAIL BANKING & SERVICES**

### **DOMESTIC MARKETS**

For the whole of 2016, Domestic Markets' outstanding loans rose by 2.5% compared to 2015 due to a good pick-up in demand. Deposits were up by 6.4% driven by a strong growth across all the networks. The sales and marketing drive was reflected in particular by growth in Private Banking's assets under management (+5.4% compared to 31 December 2015).

The operating division expanded its digital offering with the development of new customer journeys that provide a new, seamless and value added banking experience and the launch of new services. For example, the merger between Wa! and Fivory (Crédit Mutuel<sup>1</sup>), will lead to the launch in 2017, in partnership with Carrefour, Auchan and Total, among others, a single universal mobile payment solution combining payment, loyalty programmes and discount offers. Hello bank! saw a rapid rise in the number of its clients to 2.5 million (+200,000 compared to the number as at 31 December 2015), and already generates 9.8% of revenues of individual clients<sup>2</sup>.

Lastly, the operating division continued to transform its network by optimising the footprint and rolling out new branch formats.

At 15,715 million euros, revenues<sup>3</sup> were slightly down (-0.5%) compared to 2015. In addition to the impact of persistently low interest rates on interest margins, there was a decrease in financial fees due to an unfavourable market context this year. BRB and the specialised businesses however reported good performance and grew their revenues.

Operating expenses<sup>3</sup> (10,629 million euros) were up by 2.3% compared to last year. Excluding exceptional items<sup>4</sup>, they rose by 1.2%, driven by growing business units (Arval, Leasing Solutions). The effect of cost saving measures was partly offset by the impact of the evolution of banking taxes and contributions.

Gross operating income<sup>3</sup> thus decreased by 5.9%, at 5,086 million euros, compared to last year.

The cost of risk was down significantly (-16.4% compared to 2015), in particular due to the significant decline at BNL bc.

Thus, after allocating one-third of Domestic Markets Private Banking's net income to the Wealth Management business (International Financial Services division), the division reported pre-tax income<sup>5</sup> that was up 1.4% compared to 2015, at 3,382 million euros.

In the fourth quarter 2016, revenues<sup>3</sup>, which totalled 3,866 million euros, were down slightly (-1.0%) compared to the fourth quarter 2015 as a result of the persistently low interest rate environment. BRB and the specialised business units, however, reported good performance.

Operating expenses<sup>3</sup> (2,794 million euros) were up by 3.0% compared to the same quarter a year earlier. Excluding the impact of exceptional items<sup>4</sup>, they were down by 0.5% thanks to the effect of cost saving measures.

<sup>1</sup> CM11-CIC

<sup>2</sup> FRB, BNL bc, BRB and Personal Investors, excluding private banking

<sup>3</sup> Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg

<sup>4</sup> 50 million euros in restructuring costs for BNL bc (20 million euros in the fourth quarter 2015) and 80 million euros for Belgian Retail Banking (0 in the fourth quarter 2015); BNL bc's 47 million euros contribution to the resolution process of 4 Italian banks (65 million euros in the fourth quarter 2015)

<sup>5</sup> Excluding PEL/CEL effects (-2 million euros in 2016, -31 million euros in 2015)



Gross operating income<sup>1</sup> thus decreased by 10.0% (-2.1% excluding exceptional items), to 1,072 million euros.

The cost of risk was down significantly (-15.3% compared to the fourth quarter 2015), in particular in Italy.

Thus, after allocating one-third of Domestic Markets Private Banking's net income to the Wealth Management business (International Financial Services division), the division reported pre-tax income down by 7.8%, at 622 million euros. Excluding the impact of exceptional items, it was up by 5.2%.

### **French Retail Banking (FRB)**

For the whole of 2016, FRB's outstanding loans rose by 0.3% compared to 2015 despite the impact of early repayments. There was a good pick-up in outstandings in the second half of the year which are thus up by 4.2% in the fourth quarter 2016 compared to the same quarter in 2015 with a rise in loans to individual and corporate clients. Deposits rose by 5.4% compared to 2015 driven by strong growth in current account deposits. The pick-up of the sales and marketing drive was also illustrated by the good performance of life insurance (rise of 2.6% in outstandings compared to 31 December 2015) and Private Banking (5.6% growth in assets under management thanks to strong net asset inflows of 2.8 billion euros). The business unit implemented new customer journeys with the BuyMyHome app which notably enables customers to simulate loans for home purchase.

Revenues<sup>2</sup> totalled 6,401 million euros, down by 3.0% compared to 2015. Net interest income<sup>2</sup> was down by 3.4% due to the impact of persistently low interest rates. Fees<sup>2</sup> were down for their part by 2.4% (-1.4% excluding the impact of a non-recurring item) with a decrease in financial fees due to the unfavourable market environment. Financial fees did though pick-up in the fourth quarter of the year (+4.6% compared to the fourth quarter 2015<sup>3</sup>).

Operating expenses<sup>2</sup>, at 4,673 million euros, were contained and rose by only 0.7% compared to 2015 despite the rise in taxes and regulatory costs.

Gross operating income<sup>2</sup> thus came to 1,728 million euros, down by 11.7% compared to last year.

The cost of risk<sup>2</sup> was still low, at 342 million euros (343 million euros in 2015). It was 24 basis points of outstanding customer loans.

Thus, after allocating one-third of French Private Banking's net income to the Wealth Management business (International Financial Services division), FRB posted 1,251 million euros in pre-tax income<sup>4</sup> (-14.2% compared to 2015) due to the lacklustre environment this year and the impact of persistently low interest rates. The business unit recorded however a good pick-up in its sales and marketing drive.

In the fourth quarter 2016, revenues<sup>2</sup> totalled 1,548 million euros, down by 3.4% compared to the fourth quarter 2015. Net interest income<sup>2</sup> were down by 5.0% due to the impact of persistently low interest rates. Fees<sup>2</sup> were down for their part by 1.2% but rose by 3.2% excluding the impact of a non-recurring item, with a good pick-up in banking fees and financial fees.

Operating expenses<sup>2</sup>, at 1,216 million euros, were contained and rose by only 0.7% compared to the fourth quarter 2015.

<sup>1</sup> Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg

<sup>2</sup> Including 100% of Private Banking in France (excluding PEL/CEL effects)

<sup>3</sup> Excluding a non-recurring item

<sup>4</sup> Excluding PEL/CEL effects (-2 million euros in 2016, -31 million euros in 2015)

Gross operating income<sup>1</sup> thus totalled 332 million euros, down by 16.1% compared to the same quarter a year earlier (-8.8% excluding the impact of a non-recurring item).

The cost of risk<sup>1</sup> reflected this quarter the impact of a specific loan and totalled 124 million euros (88 million euros in the fourth quarter 2015) or 34 basis points of outstanding customer loans.

Thus, after allocating one-third of French Private Banking's net income to the Wealth Management business (International Financial Services division), FRB posted 177 million euros in pre-tax income<sup>2</sup> (-36.0% compared to the fourth quarter 2015).

### **BNL banca commerciale (BNL bc)**

For the whole of 2016, BNL bc's outstanding loans were up by 0.5% compared to 2015 with a gradual recovery in volumes, in particular on individual clients. Deposits rose by 12.6% with a sharp rise in current accounts. BNL bc delivered a good performance in off balance sheet savings: life insurance outstandings were up by 9.8% and mutual fund outstandings by 7.2% compared to 31 December 2015. BNL bc continued to expand Private Banking with 1.2 billion euros in net asset inflows. The business unit implemented new customer journeys with for example the #Digibiz app that offers a wide range of online services to corporate clients.

Revenues<sup>3</sup> were down by 5.7% compared to 2015, to 2,972 million euros. Net interest income<sup>3</sup> was down by 7.1% due to the persistently low interest rate environment and the residual effect of the repositioning, finalised in 2016, on the better corporate clients. Fees<sup>3</sup> were down by -2.9% with a decrease in financial fees due to the unfavourable market context.

Operating expenses<sup>3</sup>, at 1,885 million euros, were down by 0.9%. Excluding the impact of non-recurring items<sup>4</sup>, they were down by 1.7% thanks to the effect of cost reduction measures.

Gross operating income<sup>3</sup> thus totalled 1,086 million euros, down by 12.9% compared to last year.

The cost of risk<sup>3</sup>, at 124 basis points of outstanding customer loans, was down by 289 million euros compared to 2015 with a gradual improvement of the quality of the loan portfolio.

Thus, after allocating one-third of Italian Private Banking's net income to the Wealth Management business (International Financial Services division), BNL bc posted 90 million euros of pre-tax income, a strong improvement compared to 2015 (+134 million euros).

In the fourth quarter 2016, revenues<sup>3</sup> were down by 4.6% compared to the fourth quarter 2015, at 745 million euros. Net interest income<sup>3</sup> was down by 4.2% due to the persistently low interest rate environment and the last effects of the repositioning on the better corporate clients. Fees<sup>3</sup> were down by 5.2% due to banking fees.

Operating expenses<sup>3</sup>, at 543 million euros, were down by 1.3% compared to the fourth quarter 2015. Excluding the impact of non-recurring items<sup>4</sup>, they were down by 4.3% thanks to the effect of cost reduction measures.

Gross operating income<sup>3</sup> thus totalled 202 million euros, down by 12.5% (-5.1% excluding non-recurring items).

<sup>1</sup> Including 100% of Private Banking in France (excluding PEL/CEL effects)

<sup>2</sup> Excluding PEL/CEL effects (8 million euros in the fourth quarter 2016, 5 million euros in the fourth quarter 2015)

<sup>3</sup> With 100% of Private Banking in Italy

<sup>4</sup> Restructuring costs: 50 million euros (20 million euros in the fourth quarter 2015); compulsory contribution to the resolution process of 4 Italian banks: 47 million euros (65 million euros in the fourth quarter 2015)

The cost of risk<sup>1</sup>, at 118 basis points of outstanding customer loans, was down by 71 million euros compared to the fourth quarter 2015.

Thus, after allocating one-third of Italian Private Banking's net income to the Wealth Management business (International Financial Services division), BNL bc posted -36 million euros of pre-tax losses (-80 million euros in the fourth quarter 2015). Excluding non-recurring items, it came to +61 million euros (+4 million euros in the fourth quarter 2015).

### **Belgian Retail Banking (BRB)**

For the whole of 2016, BRB reported sustained business activity. Loans were up by 4.7% compared to 2015 with growth in loans to individual customers (in particular mortgages) and to SMEs. For their part, deposits rose by 5.8% thanks in particular to strong growth in current accounts. The business continued to develop digital banking with new features of the Easy Banking app and Easy Banking Web which now have 1 million and 2.4 million users respectively. The business unit also implemented new customer journeys with the Home on the Spot app which allows customers to simulate loans and offers tools assisting them in the context of home purchase projects.

Revenues<sup>2</sup> were up by 3.1% compared to 2015, at 3,661 million euros: net interest income<sup>2</sup> rose by 5.9% as a result of volume growth and margins holding up well, but fees<sup>2</sup> were down by 4.8% due to a decrease in financial fees as a result of the unfavourable market context.

Operating expenses<sup>2</sup> rose by 4.9% compared to 2015, to 2,582 million euros. Excluding the impact of exceptional items<sup>3</sup> and the evolution in banking taxes, they rose by only 0.9%, reflecting the good cost control.

At 1,079 million euros, gross operating income<sup>2</sup> was down by 1.0% compared to last year (+7.0% excluding exceptional items and the evolution in banking taxes).

The cost of risk<sup>2</sup>, at 98 million euros or 10 basis points of outstanding customer loans, was very low and rose by only 13 million euros compared to 2015.

Thus, after allocating one-third of Belgian Private Banking's net income to the Wealth Management business (International Financial Services division), BRB generated 918 million euros in pre-tax income, down by 1.1% compared to last year but up by 8.0% excluding exceptional items and evolution in banking taxes, which reflects the business unit's good performance.

In the fourth quarter 2016, revenues<sup>2</sup> were up by 2.9% compared to the fourth quarter 2015, at 908 million euros: net interest income<sup>2</sup> rose by 3.5% as a result of good growth in volumes and fees<sup>2</sup> rose by 1.3% with a rise in banking fees.

Operating expenses<sup>2</sup> rose by 12.5% compared to the fourth quarter 2015, to 661 million euros. Excluding exceptional items<sup>4</sup>, they were down by 1% thanks to the effects of cost saving measures.

Gross operating income<sup>2</sup>, at 247 million euros, was down by 16.3% compared to the same quarter a year earlier but rose by 10.7%, excluding exceptional items<sup>4</sup>.

The cost of risk<sup>2</sup>, at 9 million euros or 4 basis points of outstanding customer loans, was particularly low. It was down by 43 million euros compared to the fourth quarter 2015.

<sup>1</sup> With 100% of Private Banking in Italy

<sup>2</sup> With 100% of Private Banking in Belgium

<sup>3</sup> In particular 80 million euros in restructuring costs (0 in 2015) partly offset by a 30 million euros provision write-back

<sup>4</sup> 80 million euros in restructuring costs (0 in the fourth quarter 2015)

After allocating one-third of Belgian Private Banking's net income to the Wealth Management business (International Financial Services division), BRB generated 222 million euros in pre-tax income, down by 5.6% compared to the same quarter a year earlier but up by 28.3% excluding exceptional items<sup>1</sup>.

### **Other Domestic Markets business units (Arval, Leasing Solutions, Personal Investors and Luxembourg Retail Banking)**

For the whole of 2016, the specialised businesses of Domestic Markets showed a good overall drive. The business activity of Arval was sustained and the financed fleet showed strong growth at constant scope (+10.1% compared to 2015) bringing the number of financed vehicles to over 1 million. The business unit actively implemented the integration of GE Fleet Services. The financing outstandings of Leasing Solutions were up (+4.8% at constant scope and exchange rates) thanks to the good growth in the core business, despite the continued reduction of the non-strategic portfolio. Personal Investors saw a good level of new clients' acquisition.

Luxembourg Retail Banking's outstanding loans rose by 1.5% compared to 2015, due in particular to mortgages and deposits were up by 14.4% with good inflows notably on the corporate segment.

Revenues<sup>2</sup> on the whole were up by 7.3% compared to 2015, at 2,681 million euros, reflecting the effect of the acquisition of GE Fleet Services in Europe. At constant scope and exchange rates, they rose by 3.4% with a rise in all the business units.

Operating expenses<sup>2</sup> rose by 7.3% compared to 2015, at 1,488 million euros. At constant scope and exchange rates, they were up by only 1.9%, the effect of the business development being partly offset by the first cost synergies between DAB Bank et Consors bank ! in Germany.

The cost of risk<sup>2</sup> was down by 21 million euros compared to 2015, at 115 million euros.

Thus, the contribution of these four business units to Domestic Markets' pre-tax income, after allocating one-third of Luxembourg Private Banking's net income to the Wealth Management business (International Financial Services division), was 1,123 million euros, up sharply compared to 2015: +13.1% (+9.2% at constant scope and exchange rates).

In the fourth quarter 2016, revenues<sup>2</sup> were on the whole up by 4.2% compared to the fourth quarter 2015, at 666 million euros, reflecting the effect of the acquisition of GE Fleet Services in Europe. At constant scope and exchange rates, they were also up by 4.2% with a rise in all the businesses, as scope and exchange rates effects offset each other.

Operating expenses<sup>2</sup> rose by 1.5% compared to the fourth quarter 2015, at 374 million euros. At constant scope and exchange rates, they were down by 0.2% thanks to the first cost synergies between DAB Bank and Consors bank! in Germany.

The cost of risk<sup>2</sup> was up by 6 million euros compared to the fourth quarter 2015, at 37 million euros.

Thus, the contribution of these four business units to Domestic Markets' pre-tax income, after allocating one-third of Luxembourg Private Banking's net income to the Wealth Management business (International Financial Services division), was 259 million euros, up by 6.3% compared to the fourth quarter 2015 (+8.6% at constant scope and exchange rates).

<sup>1</sup> 80 million euros in restructuring costs (0 in the fourth quarter 2015)

<sup>2</sup> With 100% of Private Banking in Luxembourg

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## **INTERNATIONAL FINANCIAL SERVICES**

For the whole of 2016, the International Financial Services' businesses reported a good sales and marketing drive: Personal Finance had a sustained business activity, Europe-Mediterranean and BancWest posted good growth in their activity while the Insurance and Wealth & Asset Management businesses generated good asset inflows. The division's sales and marketing drive was also illustrated by the development of digital offering and innovations in all the businesses.

At 15,479 million euros, revenues were up by 1.2% compared to 2015. At constant scope and exchange rates, they were up by +2.7% with growth in International Retail Banking, Insurance and Personal Finance, and Wealth & Asset Management held up well.

Operating expenses (9,544 million euros) were up by 2.3% compared to last year. At constant scope and exchange rates, they were up by 3.7%.

Gross operating income thus totalled 5,935 million euros, down by 0.4% compared to last year (+1.2% at constant scope and exchange rates).

The cost of risk was 1,496 million euros, down by 226 million compared to 2015 due in particular to the decline in the cost of risk at Personal Finance.

Operating income thus totalled 4,439 million euros, up by 4.7% compared to last year (+5.8% at constant scope and exchange rates).

Thus, International Financial Services' pre-tax income increased to 4,924 million euros (+4.0% compared to 2015 and +5.8% at constant scope and exchange rates).

In the fourth quarter 2016, revenues, at 4,025 million euros, were up by 3.1% compared to the fourth quarter 2015. They were up by +3.3% at constant scope and exchange rates with growth in all the businesses.

Operating expenses (2,481 million euros) were up by 3.2% compared to the same quarter a year earlier. At constant scope and exchange rates and excluding exceptional costs<sup>1</sup>, they were up by 3.3%, as a result of business growth.

Gross operating income thus totalled 1,544 million euros, up by 2.9% compared to the same quarter a year earlier (+2.8% at constant scope and exchange rates).

The cost of risk was 425 million euros, up by 14 million compared to the fourth quarter 2015.

Operating income thus totalled 1,118 million euros, up by 2.7% compared to the same quarter a year earlier (+2.0% at constant scope and exchange rates).

International Financial Services' pre-tax income was thus up by 2.5% compared to the fourth quarter 2015, at 1,236 million euros (+2.4% at constant scope and exchange rates).

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<sup>1</sup> In particular Wealth and Asset Management's restructuring costs for 7 million euros in (0 in the fourth quarter 2015)



## **Personal Finance**

For the whole of 2016, Personal Finance continued its strong sales and marketing drive. Outstanding loans grew by +8.8%<sup>1</sup> compared to 2015 in connection with the rise in demand and the effect of new commercial agreements. The business unit signed new partnership agreements this year in banking (Banco CTT in Portugal), in retail (Eggo Kitchen House in Belgium, Ikea and Mr Bricolage in France) and telecoms (Yoigo in Spain). Outstanding car loans rose by 16.5% compared to 2015<sup>2</sup> and the business unit forged new business deals with Honda in France and Volvo in Italy. Lastly, Personal Finance continued to expand the digital processing of loans with 3.1 million applications signed digitally, up 80% over last year.

Revenues were up by 0.4% compared to 2015, at 4,679 million euros with an unfavourable foreign exchange effect. At constant scope and exchange rates, they were up by 2.0% under the opposite influence of a rise in volumes and an increase in products that have a better risk profile. There was a good drive in Germany, Spain and Italy.

Operating expenses were down by 0.7% compared to 2015, at 2,298 million euros. They were up by 1.0% at constant scope and exchange rates, reflecting good cost control.

Gross operating income thus totalled 2,381 million euros, up by 1.5% compared to last year (+3.0% at constant scope and exchange rates).

At 979 million euros, or 159 basis points of outstanding customer loans, the business recorded a sharp decline in the cost of risk (-196 million euros compared to 2015) due to the low interest rate environment and the growing positioning on products with a better risk profile (car loans in particular) as well as 50 million euros in provisions write-backs following sales of doubtful loans.

Personal Finance's pre-tax income was thus 1,442 million euros, up sharply compared to 2015: +15.9% (+17.9% at constant scope and exchange rates).

In the fourth quarter 2016, Personal Finance's revenues were up by 2.1% compared to the fourth quarter 2015, at 1,185 million euros. At constant scope and exchange rates, they were up 2.5% as a result of volumes rise and the growing positioning on products with a better risk profile.

Operating expenses were up by 3.2% compared to the fourth quarter 2015, at 598 million euros. They were up by 3.6% at constant scope and exchange rates, as a result of good business development.

Gross operating income thus totalled 587 million euros, up by 0.9% compared to the same quarter a year earlier (+1.4% at constant scope and exchange rates).

At 269 million euros, or 170 basis points of outstanding customer loans, the business unit recorded a significant decrease in the cost of risk (-39 million euros compared to the fourth quarter 2015) due to the low interest rate environment and the growing positioning on products with a better risk profile.

Personal Finance's pre-tax income thus totalled 334 million euros, up sharply compared to the fourth quarter 2015: +14.0% (+16.7% at constant scope and exchange rates).

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<sup>1</sup> At constant scope and exchange rates

<sup>2</sup> Outstandings at the end of the period at historical scope and constant exchange rates

## **Europe-Mediterranean**

For the whole of 2016, Europe-Mediterranean reported good business growth. Outstanding loans rose by 5.5%<sup>1</sup> compared to 2015 with a rise in all regions. Deposits grew by 9.8%<sup>1</sup>, with good growth in all countries. There was a sustained development in the digital offering with 350,000 clients for CEPTETEB in Turkey and over 200,000 clients for BGZ OPTIMA in Poland.

At 2,513 million euros, revenues<sup>2</sup> were up by 6.0%<sup>1</sup> compared to 2015, in connection with the increase in volumes.

Operating expenses<sup>2</sup>, at 1,705 million euros, rose by 4.6%<sup>1</sup> compared to last year. Excluding the rise in banking taxes and contributions in Poland<sup>3</sup>, they were up by only 3.7%<sup>1</sup>, reflecting the good control of expenses and the effect of cost synergies in Poland.

The cost of risk<sup>2</sup> totalled 437 million euros, or 112 basis points of outstanding customer loans, largely stable compared to 2015 (+0.7%<sup>1</sup>).

Given the rise in the contribution from associated companies and after allocating one-third of Turkish Private Banking's net income to the Wealth Management business, Europe-Mediterranean generated 566 million euros in pre-tax income, up sharply (+19.9%<sup>4</sup> compared to last year).

In the fourth quarter 2016, revenues<sup>2</sup>, at 630 million euros, were up by 5.9%<sup>1</sup> compared to the fourth quarter 2015, in connection with increase in volumes and margins; they were up significantly in particular in Turkey.

At 431 million euros, operating expenses<sup>2</sup> rose by 1.1%<sup>1</sup> (+3.4% excluding the evolution of taxes and contributions in Poland) compared to the same quarter a year earlier.

Gross operating income<sup>2</sup> thus rose by 18.0%<sup>1</sup> compared to the fourth quarter 2015.

The cost of risk<sup>2</sup> totalled 127 million euros, or 129 basis points of outstanding customer loans. It was up by 31 million euros compared to the fourth quarter 2015 due to a rise in the cost of risk in Turkey but was stable compared to the third quarter 2016.

Given the good contribution of the associated companies and after allocating one-third of Turkish Private Banking's net income to the Wealth Management business, Europe-Mediterranean thus generated 120 million euros down by 1.2%<sup>5</sup> compared to the same quarter a year earlier.

## **BancWest**

For the whole of 2016, BancWest continued its growth in a favourable economic context.

Loans were up by 8.5%<sup>1</sup> compared to 2015, both for corporate and individual customers. Deposits were up by 7.9%<sup>1</sup> with strong rise in current and savings accounts. BancWest continued to expand Private Banking with assets under management totalling 12.1 billion U.S. dollars as at 31 December 2016 (+19% compared to 31 December 2015).

<sup>1</sup> At constant scope and exchange rates

<sup>2</sup> With 100% of Private Banking in Turkey

<sup>3</sup> Introduction of a banking tax in Poland in 2016: 44 million euros (one-off contribution to the deposit guarantee fund & to the support fund for borrowers for 31 million euros in 2015)

<sup>4</sup> At constant scope and exchange rates (+10.2% at historical scope and exchange rates)

<sup>5</sup> At constant scope and exchange rates (-9.8% at historical scope and exchange rates)

The year was also marked for BancWest by the success of the Comprehensive Capital Analysis and Review (CCAR) and by the success of the initial public offering of First Hawaiian Bank that continues to be fully consolidated so long as the Group maintains control over it.

Revenues<sup>1</sup>, at 2,984 million euros, rose by 5.5%<sup>2</sup> compared to 2015, the increase in volumes being partly offset by the effect of lower interest rates in the United States for the whole of 2016 compared to 2015.

At 2,038 million euros, operating expenses<sup>1</sup> rose by 8.5%<sup>2</sup> compared to 2015. Excluding regulatory costs<sup>3</sup> and non-recurring costs<sup>4</sup>, they grew by 6.9% as a result of the strengthening of the commercial set up (private banking, consumer finance).

The cost of risk<sup>1</sup> (85 million euros) was still at a low level, at 14 basis points of outstanding customer loans. It was however up by 35 million euros compared to the particularly low level in 2015.

Thus, after allocating one-third of U.S. Private Banking's net income to the Wealth Management business, BancWest generated 862 million euros in pre-tax income (-4.7%<sup>5</sup> compared to 2015).

In the fourth quarter 2016, revenues<sup>1</sup>, totalling 795 million euros, rose by 6.5%<sup>2</sup> compared to the fourth quarter 2015 in connection with a rise in volumes.

Operating expenses<sup>1</sup>, at 521 million euros, rose by 6.5%<sup>2</sup> compared to the fourth quarter 2015. Excluding regulatory costs<sup>3</sup> and non-recurring costs related to the initial public offering of First Hawaiian Bank, they grew by 5.3% because of the strengthening of the commercial set-ups.

The cost of risk<sup>1</sup> (23 million euros) was still at a low level, at 15 basis points of outstanding customer loans. It was up by 27 million euros compared to the fourth quarter 2015 when provisions were more than offset by write-backs.

Thus, after allocating one-third of U.S. Private Banking's net income to the Wealth Management business, BancWest generated 251 million euros in pre-tax income (-4.1%<sup>6</sup> compared to the fourth quarter 2015).

## **Insurance and Wealth and Asset Management**

Insurance and Wealth & Asset Management posted, in a lacklustre context in 2016, a good overall performance with good asset inflows in all the business units.

Their assets under management<sup>7</sup> reached, as at 31 December 2016, the record level of 1,010 billion euros (+5.8% compared to 31 December 2015). They rose by 56 billion euros compared to 31 December 2015 due in particular to very good net asset inflows totalling 34.9 billion euros (strong asset inflows at Wealth Management in Asia, France, Italy and at BancWest, very good asset inflows in Asset Management, in particular into diversified and bond funds; good asset inflows in Insurance particularly in unit-linked accounts).

As at 31 December 2016, assets under management<sup>7</sup> broke down as follows: Asset Management (416 billion euros), Wealth Management (344 billion euros), Insurance (226 billion euros) and Real Estate Services (24 billion euros).

<sup>1</sup> With 100% of Private Banking in the United States

<sup>2</sup> At constant scope and exchange rates

<sup>3</sup> CCAR and Intermediate Holding Company

<sup>4</sup> Costs related to the initial public offering of First Hawaiian Bank and a provision for an IT project

<sup>5</sup> At constant scope and exchange rates (-6.6% at historical scope and exchange rates)

<sup>6</sup> At constant scope and exchange rates (-2.5% at historical scope and exchange rates)

<sup>7</sup> Including distributed assets



The implementation of new customer journeys and digital transformation is illustrated, for Wealth Management, by the launch of new digital services (“myAdvisory” a portfolio management mobile app and “myBioPass”, a unique key to access digital banking services) and, for Insurance, by 70 digital projects to transform services and improve performances.

Insurance’s revenues, at 2,382 million euros, were up by 2.7% compared to 2015, due to the rise in protection insurance revenues in Europe and in Latin America. Operating expenses, at 1,201 million euros, rose by 3.8%, due to the business development and the rise in regulatory costs. After taking into account the good performance of associated companies, pre-tax income was thus up by 3.0% compared to last year, at 1,369 million euros.

Wealth and Asset Management’s revenues, at 2,977 million euros, held up well in a lacklustre context (-1.2% compared to 2015). Operating expenses, at 2,341 million euros, were up by 1.4% as a result in particular of the development of Wealth Management. At 685 million euros, Wealth and Asset Management’s pre-tax income, after receiving one-third of the net income of private banking in the domestic markets, in Turkey and in the United States, was thus down by 5.4% compared to 2015.

In the fourth quarter 2016, Insurance and Wealth & Asset Management recorded 2 billion euros net asset inflows.

Insurance’s revenues, at 636 million euros, were up by 5.3% compared to the fourth quarter 2015, with in particular the rise in protection insurance revenues in Europe. Operating expenses, at 315 million euros, rose by 4.4%, due to the business development and the rise in regulatory costs. Pre-tax income was thus up by 5.4% compared to last year, at 356 million euros,

Wealth and Asset Management’s revenues, at 794 million euros, were up slightly (+0.5% compared to the fourth quarter 2015), driven by Wealth Management. Operating expenses, at 626 million euros, were up by 3.3%. Excluding the impact of exceptional restructuring costs, they rose by 2.3% as a result of the expansion of Wealth Management. At 176 million euros, Wealth and Asset Management’s pre-tax income, after receiving one-third of the net income of private banking in the domestic markets, in Turkey and in the United States, was thus down by 5.0% compared to the fourth quarter 2015 (-1.1% excluding exceptional restructuring costs).

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## **CORPORATE AND INSTITUTIONAL BANKING (CIB)**

For the whole of 2016, CIB’s business units continued to grow in their markets and the business reported solid growth in the second half of the year after a particularly challenging context in the first quarter. The division actively implemented its transformation plan, on track with the defined timetable, and launched transformation initiatives and cost-saving measures in all regions.

Revenues of the business, at 11,469 million euros, were on the whole virtually stable compared to 2015 (-0.3%) but they rose by 1.2% at constant scope and exchange rates.

At 5,650 million euros, Global Markets’ revenues were down by 1.1% compared to 2015 but up by 1.6% at constant scope and exchange rates, showing a good recovery of the business after a particularly challenging market context in Europe at the beginning of the year. The revenues of FICC<sup>1</sup>, at 3,860 million euros, were up by 10.0% compared to 2015 with good performance of rates

<sup>1</sup> Fixed Income, Currencies, and Commodities

and credit. The business unit reported sustained business performances and gained market share. It ranked number 1 for all bond issues in euros and number 9 for all international issues. At 1,791 million euros, Equity and Prime Services' revenues were down for their part by 18.7% compared to a high base in 2015 due to the less favourable context in the equity markets. The VaR, which measures market risks, remained very low (34 million euros).

Securities Services' revenues, at 1,824 million euros, were up by 1.9% (+2.2% at constant scope and exchange rates), in connection with the rise in assets under custody, reflecting good business development.

Corporate Banking's revenues, at 3,994 million euros, were stable (-0.3% compared to 2015 but +0.3% at constant scope and exchange rates) with a good pick-up in business after a lacklustre context in the first quarter. Revenues remained at a good level in Europe and Asia Pacific and grew in the Americas region. At 129.4 billion euros, loans were up by 4.3% compared to 2015. Deposits were up sharply, at 117.2 billion euros (+22.8% compared to 2015) in connection with the good development of cash management. The business unit continued to strengthen its positions and confirmed its number 1 ranking in Europe for syndicated financing. It gained new clients and developed transaction banking business (trade finance, etc.), also confirming its global number 4 ranking in cash management.

At 8,309 million euros, CIB's operating expenses were down by 1.8% compared to 2015 (stable at constant scope and exchange rates). They benefited from cost saving measures (about 350 million euros in savings in 2016) but recorded the impact of the rise in banking taxes and regulatory costs.

CIB's cost of risk totalled 217 million euros (+5 million euros compared to 2015). Corporate Banking's cost of risk was low at 292 million euros or 25 basis points of outstanding customer loans (+154 million euros increase compared to the very low level in 2015 which benefited from provision write-backs). Global Markets' cost of risk was a 72 million euros net write-back compared to an 80 million euro provision in 2015.

The operating income of CIB was thus up by 3.8% (+4.6% at constant scope and exchange rates), at 2,943 million euros.

CIB generated, though, income that was down by 1.2%, at 2,962 million euros, compared to last year which had recorded a one-off capital gain of 74 million euros from the sale of a non-strategic stake (+3.4% at constant scope and exchange rates).

In the fourth quarter 2016, CIB reported a very good performance. Revenues rose by 8.0% compared to the fourth quarter 2015, at 2,821 million euros.

Global Markets' revenues, at 1,284 million euros, were up sharply by 21.9% compared to the fourth quarter 2015 with strong client business in a favourable market context. The revenues of FICC<sup>1</sup>, at 838 million euros, were up by 22.9% with very good growth of rates, credit and bond issues. At 446 million euros, the revenues of the Equity and Prime Services business unit were up by 20.2% with good volumes growth. The revenues of Securities Services, at 466 million euros, were up by 7.6% as a result of the rise in outstandings and in transaction volumes. At 1,071 million euros, Corporate Banking's revenues were down by 4.9% compared to a very good level in the fourth quarter 2015 which had registered significant transactions.

At 1,914 million euros, operating expenses were down by 3.2% compared to the fourth quarter 2015 due to cost savings measures and despite business growth.

CIB' cost of risk totalled 70 million euros (+7 million euros compared to the fourth quarter 2015). It was still low at Corporate Banking, at 115 million euros, or 39 basis points of outstanding customer

<sup>1</sup> Fixed Income, Currencies, and Commodities

loans, but rose by 46 million euros compared to the same quarter a year earlier due to a specific file. Global Markets' cost of risk was a net write-back of 44 million euros (net write-back of 4 million euros during the same quarter a year earlier).

CIB thus posted income up sharply, at 841 million euros (+50.8% compared to the fourth quarter 2015).

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## **CORPORATE CENTRE**

For the whole of 2016, Corporate Centre revenues were 1,294 million euros compared to 910 million euros in 2015. They included the exceptional impact of +597 million euros of the capital gain from the sale of Visa Europe shares, the -59 million euros in Own Credit Adjustment (OCA) and own credit risk included in derivatives (DVA) (+314 million euros in 2015) as well as a very good contribution of Principal Investments.

Operating expenses totalled 1,189 million euros compared to 1,336 million euros in 2015. They included the exceptional impact of 159 million euros in the acquisitions' restructuring costs<sup>1</sup> (171 million euros in 2015), 395 million euros in CIB transformation costs (0 in 2015) and 7 million euros restructuring costs (0 in 2015). They no longer included any Simple & Efficient costs (622 million euros in 2015): in keeping with the objective, the final costs related to this plan were booked in the fourth quarter 2015.

The cost of risk totalled 39 million euros (51 million euros in 2015).

Non-operating items totalled -121 million euros (-79 million euros in 2015). They included -181 million euros<sup>2</sup> in goodwill impairments of subsidiaries' shares (-993 million euros in goodwill impairments in 2015<sup>3</sup>). Non-operating items also included in 2015 a +716 million euros capital gain from the sale of the residual stake in Klépierre-Corio; a +123 million euros dilution capital gain due to the merger between Klépierre and Corio and the +20 million euro share of the capital gain from the sale of a non-core investment allocated to the Corporate Centre.

The Corporate Centre's pre-tax income was -55 million euros compared to -656 million euros in 2015.

In the fourth quarter 2016, Corporate Centre revenues were 70 million euros compared to 151 million euros in the fourth quarter 2015. They included in particular -18 million euros in Own Credit Adjustment (OCA) and own credit risk included in derivatives (DVA) (+160 million euros in the fourth quarter 2015) and a good contribution of Principal Investments.

Operating expenses came to 330 million euros compared to 381 million euros in the fourth quarter 2015. They included 48 million euros in acquisitions' restructuring costs<sup>1</sup> (54 million euros in the fourth quarter 2015), 98 million euros in CIB transformation costs (0 in the fourth quarter 2015) and 7 million euros in restructuring costs (0 in the fourth quarter 2015). They no longer included any Simple & Efficient transformation costs (232 million euros in the fourth quarter 2015).

The cost of risk totalled 56 million euros (24 million euros in the fourth quarter 2015).

<sup>1</sup> LaSer, Bank BGZ, DAB Bank and GE LLD

<sup>2</sup> Of which -127 million euros for BGZ's full goodwill impairment

<sup>3</sup> Of which BNL bc's full goodwill impairment: -917 million euros

For reference purposes, a final exceptional provision of 100 million euros was booked in the fourth quarter 2015 in connection with the remediation plan agreed as part of the comprehensive settlement with the U.S. authorities to industrialise existing processes.

Non-operating items totalled -123 million euros (-617 million euros in the fourth quarter 2015). They included -127 million euros<sup>1</sup> in goodwill impairments (-993 million euros in goodwill impairments in 2015<sup>2</sup>). Non-operating items also included in the fourth quarter 2015 the +352 million euros capital gain from the sale of the residual stake in Klépierre-Corio.

The Corporate Centre's pre-tax income was thus -440 million euros compared to -970 million euros in the fourth quarter 2015.

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## **FINANCIAL STRUCTURE**

The Group's balance sheet is rock-solid.

The fully loaded Basel 3 common equity Tier 1 ratio<sup>3</sup> was 11.5% as at 31 December 2016, up by 60 basis points compared to 31 December 2015, primarily due to the year's results after the dividend payment.

The Basel 3 fully loaded leverage ratio<sup>4</sup>, calculated on total Tier 1 capital, totalled 4.4% as at 31 December 2016 (+40 basis points compared to 31 December 2015).

The Liquidity Coverage Ratio stood at 123% as at 31 December 2016.

The Group's liquid and asset reserve immediately available totalled 305 billion euros (compared to 266 billion euros as at 31 December 2015), which is equivalent to more than one year of room to manoeuvre in terms of wholesale funding.

The evolution of the Group's ratios illustrates its solid capital generation and its ability to manage its balance sheet in a disciplined manner.

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## **SUCCESS OF THE 2014-2016 BUSINESS DEVELOPMENT PLAN**

The good performance of the Group this year illustrates the success of the 2014-2016 business development plan.

During the period, the Group made progress on all the major strategic priorities defined in the plan. To prepare itself for the transformations of retail banking, the Group has launched Hello bank! which already has 2.5 million customers, developed digital banks in International Retail Banking, continued to adapt the branch networks and expanded private banking in all the networks. CIB,

<sup>1</sup> Full goodwill impairment of BGZ

<sup>2</sup> Of which BNL bc's full goodwill impairment: -917 million euros

<sup>3</sup> Taking into account all the rules of the CRD4 directives with no transitory provisions. Subject to the provisions of Article 26.2 of Regulation (EU) No 575/2013

<sup>4</sup> Taking into account all the rules of the CRD4 directives in 2019 with no transitory provisions, calculated according to the delegated act of the European Commission dated 10 October 2014

strengthened by Securities Services, gained market share on large corporate and institutional clients and developed transaction banking. All the businesses managed to adapt to the transformations in their environment, like BNL bc. which refocused the corporate sales and marketing approach on the better clients, already reaping the first positive effects in terms of its results, and CIB that grouped together its market businesses in Global Markets. Lastly, regional business development plans (Germany, Asia Pacific, CIB-North America) achieved their growth targets, as well as the specialised businesses.

Average revenue growth<sup>1</sup> thus attained 4.0%<sup>2</sup> per year during the period despite a much more lacklustre environment than expected due to very low interest rates. Organic revenue growth<sup>1</sup> was sustained (+2.2% per year on average<sup>2</sup>) thanks to the good development of the businesses and the success of the regional business development plans, despite the low interest rate environment on Domestic Markets and the impact of the reduction of the Energy & Commodities business in CIB. Targeted acquisitions (DAB Bank, GE Fleet Services Europe, 50% not yet owned by LaSer and Bank BGZ) allowed to use available capital resources while preserving limited growth of risk-weighted assets (+0.7%<sup>2</sup> per year on average) and provided a positive contribution to the growth of revenues.

Operating expenses were well contained. They benefited from the success of the Simple & Efficient plan which helped to generate 3.3 billion euros in recurring savings<sup>3</sup> since it was launched in 2013 or 500 million euros above the initial objective. They recorded however the impact of new taxes and regulations that increased by 1.3 billion euros between 2013 and 2016. Excluding the impact of new taxes and regulations, the average annual growth of operating expenses was 2.7%<sup>2</sup> per year<sup>4</sup> and only 0.7% at constant scope and exchange rates. The jaws effect was thus positive at 1.2 point per year on average excluding new taxes and regulations.

Cost of risk was also reduced and the Group thus achieved or surpassed the main financial targets of the 2014-2016 plan with return on equity excluding exceptional items of 10.3% calculated based on a 10% CET1 ratio (for a 10% target), an 11.5% fully loaded Basel 3 common equity Tier 1 ratio and a 45% dividend pay-out ratio.

During the period, the Group carried out an active Corporate Social Responsibility policy (CSR) and introduced a new Code of Conduct that lead to a large-scale online training programme for employees. Many actions by the Group, such as financing socially responsible businesses, had a positive impact on society. The Group plays an active role in energy transition: it strictly limited financing in the coal industry and successfully launched a green bond. BNP Paribas is the European leader in the Banking category for CSR criteria according to Vigeo Eiris, the extra-financial rating agency.

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## **2017-2020 BUSINESS DEVELOPMENT PLAN**

The 2017-2020 business development plan is based on the Group's integrated and diversified business model with three pillars focused on customers' needs: Domestic Markets, International Financial Services (IFS) and Corporate and Institutional Banking (CIB).

Leveraging this balanced business model, which has demonstrated its strength, the plan aims to build the bank of the future by continuing to grow the businesses and implementing an ambitious

<sup>1</sup> Excluding exceptionals (+€147m in 2013; +€538m in 2016)

<sup>2</sup> 2013-2016 average annual growth rate

<sup>3</sup> Of which 2.5 billion euros during the 2014-2016 period

<sup>4</sup> 4.2% a year on average including new taxes and regulations



programme of digital transformation, new customer experience, and cost savings in strict compliance with the Corporate Social Responsibility policy.

The plan, which is based on conservative macroeconomic assumptions, factors in regulatory constraints expected by 2020 which continue to grow in the current Basel 3 regulatory framework (introduction of Net Stable Funding ratio (NSFR), TLAC requirement on top of the capital constraints...).

In this context, headwinds will continue to be strong at the beginning of the period before letting up in 2019-2020. On average, the Group's target is revenue growth above or equal to 2.5% per year in order to raise the ROE to 10% in 2020.

The Group is targeting an average growth of net income in excess of 6.5% per year for the whole period which will allow, with a 50% dividend pay-out ratio, to grow the dividend by 9% per year on average, and reach a 12%<sup>1</sup> CET1 ratio in 2020.

The 2017-2020 business development plan is based on an ambitious transformation programme in all the operating divisions and on differentiated development strategies between Domestic Markets, IFS and CIB:

### **An ambitious programme of new customer experience, digital transformation & savings in all the divisions**

In all the divisions, the Group will implement an ambitious transformation programme that aims at the same time to implement a new customer experience, the acceleration of digital transformation and improvement of operating efficiency.

It will rely on the success of a significant number of initiatives already underway in terms of products, apps and digital platforms (such as, for example, Hello bank ! and Wa ! in Domestic Markets, Cepteteb and BGZ Optima in IFS, Centric and Cortex in CIB), Tech Labs (such as l'Atelier and l'Echangeur) and incubators (such as the International Hackathon and Wai).

The Group plans to invest 3 billion euros between 2017 and 2019 in this programme that will generate 3.4 billion euros in savings during the same period and 2.7 billion in annual recurring savings starting from 2020 with a balanced contribution of all the divisions.

Five levers will be implemented in all the divisions to renew the customer experience and build a more digital and efficient bank: implement new customer journeys (new services, and digital, expanded, seamless and personalised journeys); improve the operational model by streamlining end-to-end processes, simplifying the organisations, and developing mutualised platforms; adapt information systems by incorporating in particular new technologies in order to accelerate digital and by promoting agile practices; better use data by leveraging them for customers' benefit and by reinforcing data storage, protection and analysis capacities; and, lastly, develop more digital, collaborative and agile work practices.

### **Differentiated business development strategies per division**

In an interest rate environment that will improve only very gradually and given new client expectations influenced by digital usages, Domestic Markets will reinforce the sales and marketing drive with new customer experiences, enhanced attractiveness of the offering and new services. The division will improve its operating efficiency by actively continuing to adapt the branch networks, transforming the operating model and accelerating digitalisation. In a risk environment that will continue to be favourable, it will continue its cost of risk control policy in Italy. The target of

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<sup>1</sup> At constant regulatory framework

Domestic Markets<sup>1</sup> is thus an average annual revenue growth of more than 0.5% per year until 2020, a 3 point reduction in its cost income ratio and a return on equity<sup>2</sup> above 17.5% in 2020 (+2 points compared to 2016).

As a growth engine for the Group, International Financial Services will strengthen its positions by accelerating the development (new offerings, new partnerships, new regions for the specialised businesses), consolidating the leading positions of the businesses and continuing to expand retail banking outside of the Eurozone. The division will continue to adapt to future constraints (MIFID 2, etc.) and improve its operating efficiency, in particular by accelerating digital transformation and streamlining processes. The target of IFS<sup>3</sup> is thus an average annual revenue growth of more than 5% per year until 2020, a 5 point reduction in its cost income ratio and a 20% return on equity<sup>2</sup> in 2020 (+2 points compared to 2016).

CIB will capitalise on the good start of its plan in 2016 in all its dimensions: resource optimisation, cost reduction and revenue growth. The operating division will extend to 2020 all the actions under way and accelerate the operating and digital transformation. It will expand its corporate and institutional client base, continue to grow fee-generating businesses (advisory services, cash management, Securities Services) and continue to leverage its regional positions to develop international services. It will also expand its client base in Europe, in particular in the countries of Northern Europe (Germany, Netherlands, etc.), and will continue to develop cooperations with other businesses in the Group. The target of CIB is thus an average annual revenue growth of more than 4.5% per year until 2020, a 8 point reduction in its cost income ratio and a return on equity<sup>2</sup> of more than 19% in 2020 (+6 points compared to 2016).

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<sup>1</sup> Including 100% of Private Banking (excluding PEL/CEL effects)

<sup>2</sup> Return on notional equity (RONE)

<sup>3</sup> Excluding First Hawaiian Bank



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## CONSOLIDATED PROFIT AND LOSS ACCOUNT

| €m  | 4Q16          | 4Q15          | 4Q16 /<br>4Q15 | 3Q16          | 4Q16 /<br>3Q16 | 2016          | 2015          | 2016 /<br>2015 |
|---|---------------|---------------|----------------|---------------|----------------|---------------|---------------|----------------|
| <b>Revenues</b>   | <b>10,656</b> | <b>10,449</b> | <b>+2.0%</b>   | <b>10,589</b> | <b>+0.6%</b>   | <b>43,411</b> | <b>42,938</b> | <b>+1.1%</b>   |
| Operating Expenses and Dep.                                       | -7,444        | -7,406        | +0.5%          | -7,217        | +3.1%          | -29,378       | -29,254       | +0.4%          |
| <b>Gross Operating Income</b>                                     | <b>3,212</b>  | <b>3,043</b>  | <b>+5.6%</b>   | <b>3,372</b>  | <b>-4.7%</b>   | <b>14,033</b> | <b>13,684</b> | <b>+2.6%</b>   |
| Cost of Risk  | -950          | -968          | -1.9%          | -764          | +24.3%         | -3,262        | -3,797        | -14.1%         |
| Costs related to the comprehensive settlement with US authorities | 0             | -100          | n.s.           | 0             | n.s.           | 0             | -100          | n.s.           |
| <b>Operating Income</b>   | <b>2,262</b>  | <b>1,975</b>  | <b>+14.5%</b>  | <b>2,608</b>  | <b>-13.3%</b>  | <b>10,771</b> | <b>9,787</b>  | <b>+10.1%</b>  |
| Share of Earnings of Equity-Method Entities                       | 151           | 154           | -1.9%          | 163           | -7.4%          | 633           | 589           | +7.5%          |
| Other Non Operating Items   | -146          | -656          | -77.7%         | 9             | n.s.           | -194          | 3             | n.s.           |
| <b>Non Operating Items</b>  | <b>5</b>      | <b>-502</b>   | <b>n.s.</b>    | <b>172</b>    | <b>-97.1%</b>  | <b>439</b>    | <b>592</b>    | <b>-25.8%</b>  |
| <b>Pre-Tax Income</b>   | <b>2,267</b>  | <b>1,473</b>  | <b>+53.9%</b>  | <b>2,780</b>  | <b>-18.5%</b>  | <b>11,210</b> | <b>10,379</b> | <b>+8.0%</b>   |
| Corporate Income Tax  | -721          | -719          | +0.3%          | -790          | -8.7%          | -3,095        | -3,335        | -7.2%          |
| Net Income Attributable to Minority Interests                     | -104          | -89           | +16.9%         | -104          | -0.0%          | -413          | -350          | +18.0%         |
| <b>Net Income Attributable to Equity Holders</b>                  | <b>1,442</b>  | <b>665</b>    | <b>n.s.</b>    | <b>1,886</b>  | <b>-23.5%</b>  | <b>7,702</b>  | <b>6,694</b>  | <b>+15.1%</b>  |
| <b>Cost/Income</b>  | <b>69.9%</b>  | <b>70.9%</b>  | <b>-1.0 pt</b> | <b>68.2%</b>  | <b>+1.7 pt</b> | <b>67.7%</b>  | <b>68.1%</b>  | <b>-0.4 pt</b> |

BNP Paribas' financial disclosures for the fourth quarter 2016 and for the year 2016 are contained in this press release and in the presentation attached herewith.

All legally required disclosures, including the Registration document, are available online at <http://invest.bnpparibas.com> in the "Results" section and are made public by BNP Paribas pursuant to the requirements under Article L.451-1-2 of the French Monetary and Financial Code and Articles 222-1 et seq. of the Autorité des Marchés Financiers' general rules.



## 4Q16 – RESULTS BY CORE BUSINESSES

|   | Domestic<br>Markets | International<br>Financial<br>Services | CIB          | Operating<br>Divisions | Other<br>Activities | Group         |
|---|---------------------|--|--------------|------------------------|---------------------|---------------|
| €m  |                     |  |              |                        |                     |               |
| <b>Revenues</b>   | <b>3,740</b>        | <b>4,025</b>                           | <b>2,821</b> | <b>10,586</b>          | <b>70</b>           | <b>10,656</b> |
| %Change/4Q 15   | -1.1%               | +3.1%                                  | +8.0%        | +2.8%                  | -53.6%              | +2.0%         |
| %Change/3Q 16   | -1.1%               | +2.0%                                  | -2.9%        | -0.5%                  | n.s.                | +0.6%         |
| Operating Expenses and Dep.                                       | -2,719              | -2,481                                 | -1,914       | -7,114                 | -330                | -7,444        |
| %Change/4Q 15   | +2.8%               | +3.2%                                  | -3.2%        | +1.3%                  | -13.3%              | +0.5%         |
| %Change/3Q 16   | +9.0%               | +7.0%                                  | -5.4%        | +4.1%                  | -13.4%              | +3.1%         |
| <b>Gross Operating Income</b>                                     | <b>1,022</b>        | <b>1,544</b>                           | <b>907</b>   | <b>3,472</b>           | <b>-260</b>         | <b>3,212</b>  |
| %Change/4Q 15   | -10.1%              | +2.9%                                  | +42.6%       | +6.1%                  | +13.2%              | +5.6%         |
| %Change/3Q 16   | -20.7%              | -5.1%                                  | +2.7%        | -8.6%                  | -39.0%              | -4.7%         |
| Cost of Risk  | -399                | -425                                   | -70          | -894                   | -56                 | -950          |
| %Change/4Q 15   | -15.3%              | +3.6%                                  | +11.4%       | -5.3%                  | n.s.                | -1.9%         |
| %Change/3Q 16   | +21.8%              | +13.1%                                 | -5.7%        | +15.0%                 | n.s.                | +24.3%        |
| Costs related to the comprehensive settlement with US authorities | 0                   | 0                                      | 0            | 0                      | 0                   | 0             |
| %Change/4Q 15   | n.s.                | n.s.                                   | n.s.         | n.s.                   | n.s.                | n.s.          |
| %Change/3Q 16   | n.s.                | n.s.                                   | n.s.         | n.s.                   | n.s.                | n.s.          |
| <b>Operating Income</b>   | <b>623</b>          | <b>1,118</b>                           | <b>837</b>   | <b>2,578</b>           | <b>-316</b>         | <b>2,262</b>  |
| %Change/4Q 15   | -6.5%               | +2.7%                                  | +46.0%       | +10.7%                 | -10.6%              | +14.5%        |
| %Change/3Q 16   | -35.2%              | -10.6%                                 | +3.5%        | -14.6%                 | -23.4%              | -13.3%        |
| Share of Earnings of Equity-Method Entities                       | 13                  | 116                                    | 9            | 138                    | 13                  | 151           |
| Other Non Operating Items   | -6                  | 1                                      | -5           | -10                    | -136                | -146          |
| <b>Pre-Tax Income</b>   | <b>630</b>          | <b>1,236</b>                           | <b>841</b>   | <b>2,707</b>           | <b>-440</b>         | <b>2,267</b>  |
| %Change/4Q 15   | -7.4%               | +2.5%                                  | +50.8%       | +10.8%                 | -54.7%              | +53.9%        |
| %Change/3Q 16   | -36.2%              | -10.0%                                 | +3.6%        | -14.7%                 | +12.3%              | -18.5%        |

|   | Domestic<br>Markets | International<br>Financial<br>Services | CIB          | Operating<br>Divisions | Other<br>Activities | Group         |
|---|---------------------|--|--------------|------------------------|---------------------|---------------|
| €m  |                     |  |              |                        |                     |               |
| <b>Revenues</b>   | <b>3,740</b>        | <b>4,025</b>                           | <b>2,821</b> | <b>10,586</b>          | <b>70</b>           | <b>10,656</b> |
| 4Q 15   | 3,782               | 3,903                                  | 2,612        | 10,298                 | 151                 | 10,449        |
| 3Q 16   | 3,782               | 3,946                                  | 2,905        | 10,634                 | -45                 | 10,589        |
| Operating Expenses and Dep.                                       | -2,719              | -2,481                                 | -1,914       | -7,114                 | -330                | -7,444        |
| 4Q 15   | -2,646              | -2,403                                 | -1,976       | -7,025                 | -381                | -7,406        |
| 3Q 16   | -2,494              | -2,319                                 | -2,022       | -6,836                 | -381                | -7,217        |
| <b>Gross Operating Income</b>                                     | <b>1,022</b>        | <b>1,544</b>                           | <b>907</b>   | <b>3,472</b>           | <b>-260</b>         | <b>3,212</b>  |
| 4Q 15   | 1,137               | 1,500                                  | 636          | 3,273                  | -230                | 3,043         |
| 3Q 16   | 1,288               | 1,627                                  | 883          | 3,798                  | -426                | 3,372         |
| Cost of Risk  | -399                | -425                                   | -70          | -894                   | -56                 | -950          |
| 4Q 15   | -471                | -411                                   | -63          | -944                   | -24                 | -968          |
| 3Q 16   | -327                | -376                                   | -74          | -777                   | 13                  | -764          |
| Costs related to the comprehensive settlement with US authorities | 0                   | 0                                      | 0            | 0                      | 0                   | 0             |
| 4Q 15   | 0                   | 0                                      | 0            | 0                      | -100                | -100          |
| 3Q 16   | 0                   | 0                                      | 0            | 0                      | 0                   | 0             |
| <b>Operating Income</b>   | <b>623</b>          | <b>1,118</b>                           | <b>837</b>   | <b>2,578</b>           | <b>-316</b>         | <b>2,262</b>  |
| 4Q 15   | 666                 | 1,089                                  | 574          | 2,329                  | -354                | 1,975         |
| 3Q 16   | 961                 | 1,251                                  | 809          | 3,021                  | -413                | 2,608         |
| Share of Earnings of Equity-Method Entities                       | 13                  | 116                                    | 9            | 138                    | 13                  | 151           |
| 4Q 15   | 21                  | 117                                    | 10           | 149                    | 5                   | 154           |
| 3Q 16   | 18                  | 122                                    | 2            | 141                    | 22                  | 163           |
| Other Non Operating Items   | -6                  | 1                                      | -5           | -10                    | -136                | -146          |
| 4Q 15   | -7                  | 0                                      | -27          | -34                    | -622                | -656          |
| 3Q 16   | 8                   | 1                                      | 1            | 9                      | 0                   | 9             |
| <b>Pre-Tax Income</b>   | <b>630</b>          | <b>1,236</b>                           | <b>841</b>   | <b>2,707</b>           | <b>-440</b>         | <b>2,267</b>  |
| 4Q 15   | 680                 | 1,206                                  | 558          | 2,443                  | -970                | 1,473         |
| 3Q 16   | 987                 | 1,373                                  | 812          | 3,171                  | -391                | 2,780         |
| Corporate Income Tax  |                     |  |              |                        |                     | -721          |
| Net Income Attributable to Minority Interests                     |                     |  |              |                        |                     | -104          |
| <b>Net Income Attributable to Equity Holders</b>                  |                     |  |              |                        |                     | <b>1,442</b>  |



## 2016 – RESULTS BY CORE BUSINESSES

|   |              | Domestic<br>Markets | International<br>Financial<br>Services | CIB           | Operating<br>Divisions | Other<br>Activities | Group         |
|---|--------------|---------------------|--|---------------|------------------------|---------------------|---------------|
| €m  |              |                     |  |               |                        |                     |               |
| <b>Revenues</b>   |              | <b>15,170</b>       | <b>15,479</b>                          | <b>11,469</b> | <b>42,117</b>          | <b>1,294</b>        | <b>43,411</b> |
|   | %Change/2015 | -0.4%               | +1.2%                                  | -0.3%         | +0.2%                  | +42.1%              | +1.1%         |
| Operating Expenses and Dep.                                       |              | -10,336             | -9,544                                 | -8,309        | -28,189                | -1,189              | -29,378       |
|   | %Change/2015 | +2.1%               | +2.3%                                  | -1.8%         | +1.0%                  | -11.0%              | +0.4%         |
| <b>Gross Operating Income</b>                                     |              | <b>4,834</b>        | <b>5,935</b>                           | <b>3,160</b>  | <b>13,928</b>          | <b>105</b>          | <b>14,033</b> |
|   | %Change/2015 | -5.2%               | -0.4%                                  | +3.6%         | -1.3%                  | n.s.                | +2.6%         |
| Cost of Risk  |              | -1,509              | -1,496                                 | -217          | -3,223                 | -39                 | -3,262        |
|   | %Change/2015 | -16.6%              | -13.1%                                 | +2.3%         | -14.0%                 | -23.7%              | -14.1%        |
| Costs related to the comprehensive settlement with US authorities |              | 0                   | 0                                      | 0             | 0                      | 0                   | 0             |
|   | %Change/2015 | n.s.                | n.s.                                   | n.s.          | n.s.                   | n.s.                | n.s.          |
| <b>Operating Income</b>   |              | <b>3,324</b>        | <b>4,439</b>                           | <b>2,943</b>  | <b>10,705</b>          | <b>66</b>           | <b>10,771</b> |
|   | %Change/2015 | +1.1%               | +4.7%                                  | +3.8%         | +3.3%                  | n.s.                | +10.1%        |
| Share of Earnings of Equity-Method Entities                       |              | 53                  | 477                                    | 20            | 550                    | 83                  | 633           |
| Other Non Operating Items   |              | 2                   | 8                                      | -1            | 10                     | -204                | -194          |
| <b>Pre-Tax Income</b>   |              | <b>3,379</b>        | <b>4,924</b>                           | <b>2,962</b>  | <b>11,265</b>          | <b>-55</b>          | <b>11,210</b> |
|   | %Change/2015 | +2.3%               | +4.0%                                  | -1.2%         | +2.1%                  | -91.6%              | +8.0%         |
| Corporate Income Tax  |              |                     |  |               |                        |                     | -3,095        |
| Net Income Attributable to Minority Interests                     |              |                     |  |               |                        |                     | -413          |
| <b>Net Income Attributable to Equity Holders</b>                  |              |                     |  |               |                        |                     | <b>7,702</b>  |

## QUARTERLY SERIES

| €m  | 4Q16          | 3Q16          | 2Q16          | 1Q16          | 4Q15          | 3Q15          | 2Q15          | 1Q15          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>GROUP</b>  |               |               |               |               |               |               |               |               |
| <b>Revenues</b>   | <b>10,656</b> | <b>10,589</b> | <b>11,322</b> | <b>10,844</b> | <b>10,449</b> | <b>10,345</b> | <b>11,079</b> | <b>11,065</b> |
| Operating Expenses and Dep.                                       | -7,444        | -7,217        | -7,090        | -7,627        | -7,406        | -6,957        | -7,083        | -7,808        |
| <b>Gross Operating Income</b>                                     | <b>3,212</b>  | <b>3,372</b>  | <b>4,232</b>  | <b>3,217</b>  | <b>3,043</b>  | <b>3,388</b>  | <b>3,996</b>  | <b>3,257</b>  |
| Cost of Risk  | -950          | -764          | -791          | -757          | -968          | -882          | -903          | -1,044        |
| Costs related to the comprehensive settlement with US authorities | 0             | 0             | 0             | 0             | -100          | 0             | 0             | 0             |
| <b>Operating Income</b>   | <b>2,262</b>  | <b>2,608</b>  | <b>3,441</b>  | <b>2,460</b>  | <b>1,975</b>  | <b>2,506</b>  | <b>3,093</b>  | <b>2,213</b>  |
| Share of Earnings of Equity-Method Entities                       | 151           | 163           | 165           | 154           | 154           | 134           | 164           | 137           |
| Other Non Operating Items   | -146          | 9             | -81           | 24            | -656          | 29            | 428           | 202           |
| <b>Pre-Tax Income</b>   | <b>2,267</b>  | <b>2,780</b>  | <b>3,525</b>  | <b>2,638</b>  | <b>1,473</b>  | <b>2,669</b>  | <b>3,685</b>  | <b>2,552</b>  |
| Corporate Income Tax  | -721          | -790          | -864          | -720          | -719          | -770          | -1,035        | -811          |
| Net Income Attributable to Minority Interests                     | -104          | -104          | -101          | -104          | -89           | -73           | -95           | -93           |
| <b>Net Income Attributable to Equity Holders</b>                  | <b>1,442</b>  | <b>1,886</b>  | <b>2,560</b>  | <b>1,814</b>  | <b>665</b>    | <b>1,826</b>  | <b>2,555</b>  | <b>1,648</b>  |
| <b>Cost/Income</b>  | <b>69.9%</b>  | <b>68.2%</b>  | <b>62.6%</b>  | <b>70.3%</b>  | <b>70.9%</b>  | <b>67.2%</b>  | <b>63.9%</b>  | <b>70.6%</b>  |

| €m  | 4Q16   | 3Q16   | 2Q16   | 1Q16   | 4Q15   | 3Q15   | 2Q15   | 1Q15   |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>RETAIL BANKING &amp; SERVICES Excluding PEL/CEL Effects</b>  |        |        |        |        |        |        |        |        |
| <b>Revenues</b>   | 7,758  | 7,735  | 7,636  | 7,522  | 7,681  | 7,582  | 7,719  | 7,571  |
| Operating Expenses and Dep.   | -5,200 | -4,813 | -4,681 | -5,187 | -5,049 | -4,701 | -4,636 | -5,074 |
| <b>Gross Operating Income</b>   | 2,558  | 2,922  | 2,956  | 2,335  | 2,632  | 2,881  | 3,082  | 2,496  |
| Cost of Risk  | -824   | -704   | -740   | -738   | -882   | -837   | -865   | -950   |
| <b>Operating Income</b>   | 1,733  | 2,218  | 2,216  | 1,598  | 1,750  | 2,045  | 2,218  | 1,546  |
| Share of Earnings of Equity-Method Entities   | 130    | 140    | 124    | 136    | 138    | 117    | 139    | 115    |
| Other Non Operating Items   | -5     | 9      | -2     | 8      | -8     | 20     | -2     | -10    |
| <b>Pre-Tax Income</b>   | 1,858  | 2,367  | 2,339  | 1,742  | 1,881  | 2,182  | 2,355  | 1,651  |
| Allocated Equity (€bn, year to date)  | 49.0   | 48.8   | 48.6   | 48.7   | 48.4   | 48.4   | 48.3   | 47.7   |
| €m  | 4Q16   | 3Q16   | 2Q16   | 1Q16   | 4Q15   | 3Q15   | 2Q15   | 1Q15   |
| <b>RETAIL BANKING &amp; SERVICES</b>  |        |        |        |        |        |        |        |        |
| <b>Revenues</b>   | 7,765  | 7,728  | 7,615  | 7,540  | 7,685  | 7,580  | 7,713  | 7,543  |
| Operating Expenses and Dep.   | -5,200 | -4,813 | -4,681 | -5,187 | -5,049 | -4,701 | -4,636 | -5,074 |
| <b>Gross Operating Income</b>   | 2,565  | 2,915  | 2,935  | 2,353  | 2,637  | 2,879  | 3,077  | 2,469  |
| Cost of Risk  | -824   | -704   | -740   | -738   | -882   | -837   | -865   | -950   |
| <b>Operating Income</b>   | 1,741  | 2,212  | 2,195  | 1,616  | 1,755  | 2,042  | 2,212  | 1,519  |
| Share of Earnings of Equity-Method Entities   | 130    | 140    | 124    | 136    | 138    | 117    | 139    | 115    |
| Other Non Operating Items   | -5     | 9      | -2     | 8      | -8     | 20     | -2     | -10    |
| <b>Pre-Tax Income</b>   | 1,866  | 2,360  | 2,318  | 1,760  | 1,885  | 2,180  | 2,349  | 1,623  |
| Allocated Equity (€bn, year to date)  | 49.0   | 48.8   | 48.6   | 48.7   | 48.4   | 48.4   | 48.3   | 47.7   |
| €m  | 4Q16   | 3Q16   | 2Q16   | 1Q16   | 4Q15   | 3Q15   | 2Q15   | 1Q15   |
| <b>DOMESTIC MARKETS (including 100% of Private Banking in France, Italy, Belgium and Luxembourg)* Excluding PEL/CEL Effects</b> |        |        |        |        |        |        |        |        |
| <b>Revenues</b>   | 3,866  | 3,923  | 3,962  | 3,963  | 3,905  | 3,920  | 3,982  | 3,991  |
| Operating Expenses and Dep.   | -2,794 | -2,567 | -2,449 | -2,818 | -2,713 | -2,526 | -2,398 | -2,755 |
| <b>Gross Operating Income</b>   | 1,072  | 1,356  | 1,513  | 1,145  | 1,191  | 1,394  | 1,584  | 1,235  |
| Cost of Risk  | -399   | -329   | -388   | -399   | -471   | -419   | -433   | -490   |
| <b>Operating Income</b>   | 674    | 1,028  | 1,124  | 746    | 721    | 975    | 1,152  | 745    |
| Share of Earnings of Equity-Method Entities   | 14     | 18     | 13     | 9      | 22     | 14     | 9      | 5      |
| Other Non Operating Items   | -6     | 8      | 2      | -2     | -7     | -7     | -4     | -15    |
| <b>Pre-Tax Income</b>   | 681    | 1,054  | 1,140  | 753    | 735    | 981    | 1,156  | 736    |
| Income Attributable to Wealth and Asset Management  | -59    | -61    | -63    | -63    | -60    | -71    | -72    | -70    |
| <b>Pre-Tax Income of Domestic Markets</b>   | 622    | 993    | 1,076  | 690    | 675    | 911    | 1,084  | 666    |
| Allocated Equity (€bn, year to date)  | 23.0   | 22.9   | 22.9   | 22.9   | 22.7   | 22.6   | 22.6   | 22.6   |
| €m  | 4Q16   | 3Q16   | 2Q16   | 1Q16   | 4Q15   | 3Q15   | 2Q15   | 1Q15   |
| <b>DOMESTIC MARKETS (including 2/3 of Private Banking in France, Italy, Belgium and Luxembourg)</b>                             |        |        |        |        |        |        |        |        |
| <b>Revenues</b>   | 3,740  | 3,782  | 3,803  | 3,844  | 3,782  | 3,781  | 3,842  | 3,821  |
| Operating Expenses and Dep.   | -2,719 | -2,494 | -2,378 | -2,745 | -2,646 | -2,459 | -2,336 | -2,685 |
| <b>Gross Operating Income</b>   | 1,022  | 1,288  | 1,425  | 1,099  | 1,137  | 1,322  | 1,506  | 1,136  |
| Cost of Risk  | -399   | -327   | -385   | -398   | -471   | -420   | -432   | -488   |
| <b>Operating Income</b>   | 623    | 961    | 1,040  | 701    | 666    | 902    | 1,074  | 648    |
| Share of Earnings of Equity-Method Entities   | 13     | 18     | 13     | 9      | 21     | 14     | 9      | 5      |
| Other Non Operating Items   | -6     | 8      | 2      | -2     | -7     | -7     | -4     | -15    |
| <b>Pre-Tax Income</b>   | 630    | 987    | 1,055  | 708    | 680    | 908    | 1,078  | 638    |
| Allocated Equity (€bn, year to date)  | 23.0   | 22.9   | 22.9   | 22.9   | 22.7   | 22.6   | 22.6   | 22.6   |

\* Including 100% of Private Banking for Revenues down to Pre-tax income line items



| €m   | 4Q16         | 3Q16         | 2Q16         | 1Q16         | 4Q15         | 3Q15         | 2Q15         | 1Q15         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| FRENCH RETAIL BANKING (including 100% of Private Banking in France)* |              |              |              |              |              |              |              |              |
| <b>Revenues</b>  | <b>1,556</b> | <b>1,594</b> | <b>1,587</b> | <b>1,661</b> | <b>1,608</b> | <b>1,649</b> | <b>1,663</b> | <b>1,646</b> |
| <i>Incl. Net Interest Income</i>                                     | 907          | 916          | 879          | 972          | 951          | 959          | 929          | 934          |
| <i>Incl. Commissions</i>   | 649          | 678          | 709          | 689          | 657          | 690          | 734          | 713          |
| Operating Expenses and Dep.  | -1,216       | -1,178       | -1,106       | -1,173       | -1,207       | -1,172       | -1,097       | -1,164       |
| <b>Gross Operating Income</b>  | <b>340</b>   | <b>416</b>   | <b>481</b>   | <b>488</b>   | <b>401</b>   | <b>477</b>   | <b>565</b>   | <b>483</b>   |
| Cost of Risk   | -124         | -72          | -72          | -73          | -88          | -79          | -87          | -89          |
| <b>Operating Income</b>  | <b>215</b>   | <b>345</b>   | <b>408</b>   | <b>415</b>   | <b>313</b>   | <b>398</b>   | <b>478</b>   | <b>394</b>   |
| Non Operating Items  | 1            | 0            | 1            | 1            | 1            | 1            | 1            | 1            |
| <b>Pre-Tax Income</b>  | <b>217</b>   | <b>345</b>   | <b>409</b>   | <b>416</b>   | <b>314</b>   | <b>398</b>   | <b>479</b>   | <b>395</b>   |
| Income Attributable to Wealth and Asset Management                   | -32          | -34          | -32          | -39          | -34          | -41          | -43          | -42          |
| <b>Pre-Tax Income of French Retail Banking</b>                       | <b>184</b>   | <b>310</b>   | <b>377</b>   | <b>377</b>   | <b>281</b>   | <b>358</b>   | <b>436</b>   | <b>353</b>   |
| Allocated Equity (€bn, year to date)                                 | 8.7          | 8.6          | 8.5          | 8.6          | 8.3          | 8.3          | 8.3          | 8.3          |

| €m   | 4Q16         | 3Q16         | 2Q16         | 1Q16         | 4Q15         | 3Q15         | 2Q15         | 1Q15         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| FRENCH RETAIL BANKING (including 100% of Private Banking in France)* Excluding PEL/CEL Effects** |              |              |              |              |              |              |              |              |
| <b>Revenues</b>  | <b>1,548</b> | <b>1,601</b> | <b>1,608</b> | <b>1,643</b> | <b>1,603</b> | <b>1,651</b> | <b>1,668</b> | <b>1,674</b> |
| <i>Incl. Net Interest Income</i>   | 899          | 923          | 900          | 954          | 946          | 961          | 935          | 961          |
| <i>Incl. Commissions</i>   | 649          | 678          | 709          | 689          | 657          | 690          | 734          | 713          |
| Operating Expenses and Dep.  | -1,216       | -1,178       | -1,106       | -1,173       | -1,207       | -1,172       | -1,097       | -1,164       |
| <b>Gross Operating Income</b>  | <b>332</b>   | <b>423</b>   | <b>502</b>   | <b>470</b>   | <b>396</b>   | <b>479</b>   | <b>571</b>   | <b>510</b>   |
| Cost of Risk   | -124         | -72          | -72          | -73          | -88          | -79          | -87          | -89          |
| <b>Operating Income</b>  | <b>208</b>   | <b>351</b>   | <b>430</b>   | <b>397</b>   | <b>308</b>   | <b>400</b>   | <b>484</b>   | <b>422</b>   |
| Non Operating Items  | 1            | 0            | 1            | 1            | 1            | 1            | 1            | 1            |
| <b>Pre-Tax Income</b>  | <b>209</b>   | <b>351</b>   | <b>430</b>   | <b>398</b>   | <b>309</b>   | <b>401</b>   | <b>485</b>   | <b>422</b>   |
| Income Attributable to Wealth and Asset Management   | -32          | -34          | -32          | -39          | -34          | -41          | -43          | -42          |
| <b>Pre-Tax Income of French Retail Banking</b>   | <b>177</b>   | <b>317</b>   | <b>398</b>   | <b>359</b>   | <b>276</b>   | <b>360</b>   | <b>442</b>   | <b>380</b>   |
| Allocated Equity (€bn, year to date)   | 8.7          | 8.6          | 8.5          | 8.6          | 8.3          | 8.3          | 8.3          | 8.3          |

| €m   | 4Q16         | 3Q16         | 2Q16         | 1Q16         | 4Q15         | 3Q15         | 2Q15         | 1Q15         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| FRENCH RETAIL BANKING (including 2/3 of Private Banking in France) |              |              |              |              |              |              |              |              |
| <b>Revenues</b>  | <b>1,485</b> | <b>1,523</b> | <b>1,516</b> | <b>1,588</b> | <b>1,539</b> | <b>1,576</b> | <b>1,588</b> | <b>1,570</b> |
| Operating Expenses and Dep.  | -1,178       | -1,141       | -1,068       | -1,139       | -1,173       | -1,141       | -1,065       | -1,130       |
| <b>Gross Operating Income</b>                                      | <b>307</b>   | <b>382</b>   | <b>448</b>   | <b>450</b>   | <b>367</b>   | <b>436</b>   | <b>523</b>   | <b>440</b>   |
| Cost of Risk   | -124         | -71          | -72          | -73          | -87          | -79          | -87          | -88          |
| <b>Operating Income</b>  | <b>183</b>   | <b>311</b>   | <b>376</b>   | <b>377</b>   | <b>280</b>   | <b>357</b>   | <b>436</b>   | <b>352</b>   |
| Non Operating Items  | 1            | 0            | 1            | 1            | 1            | 1            | 1            | 1            |
| <b>Pre-Tax Income</b>  | <b>184</b>   | <b>310</b>   | <b>377</b>   | <b>377</b>   | <b>281</b>   | <b>358</b>   | <b>436</b>   | <b>353</b>   |
| Allocated Equity (€bn, year to date)                               | 8.7          | 8.6          | 8.5          | 8.6          | 8.3          | 8.3          | 8.3          | 8.3          |

\* Including 100% of Private Banking for the Revenues to Pre-tax income items

\*\* Reminder on PEL/CEL provision: this provision takes into account the risk generated by Plans Epargne Logement (PEL) and Comptes Epargne Logement (CEL) during their whole lifetime.

| €m                     | 4Q16     | 3Q16      | 2Q16       | 1Q16      | 4Q15     | 3Q15      | 2Q15      | 1Q15       |
|------------------------|----------|-----------|------------|-----------|----------|-----------|-----------|------------|
| <b>PEL/CEL effects</b> | <b>8</b> | <b>-7</b> | <b>-21</b> | <b>18</b> | <b>5</b> | <b>-2</b> | <b>-6</b> | <b>-28</b> |



| €m   | 4Q16       | 3Q16       | 2Q16       | 1Q16       | 4Q15       | 3Q15       | 2Q15       | 1Q15       |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| BNL banca commerciale (Including 100% of Private Banking in Italy)*    |            |            |            |            |            |            |            |            |
| <b>Revenues</b>  | <b>745</b> | <b>741</b> | <b>749</b> | <b>737</b> | <b>781</b> | <b>763</b> | <b>797</b> | <b>809</b> |
| Operating Expenses and Dep.  | -543       | -448       | -433       | -462       | -550       | -446       | -443       | -464       |
| <b>Gross Operating Income</b>  | <b>202</b> | <b>293</b> | <b>317</b> | <b>275</b> | <b>230</b> | <b>317</b> | <b>354</b> | <b>345</b> |
| Cost of Risk   | -229       | -215       | -242       | -274       | -300       | -309       | -318       | -321       |
| <b>Operating Income</b>  | <b>-27</b> | <b>78</b>  | <b>74</b>  | <b>1</b>   | <b>-70</b> | <b>8</b>   | <b>36</b>  | <b>24</b>  |
| Non Operating Items  | 0          | 0          | 0          | 0          | 0          | 0          | 0          | -1         |
| <b>Pre-Tax Income</b>  | <b>-27</b> | <b>78</b>  | <b>74</b>  | <b>1</b>   | <b>-70</b> | <b>8</b>   | <b>36</b>  | <b>23</b>  |
| Income Attributable to Wealth and Asset Management                     | -10        | -9         | -9         | -10        | -10        | -9         | -11        | -10        |
| <b>Pre-Tax Income of BNL bc</b>  | <b>-36</b> | <b>70</b>  | <b>65</b>  | <b>-8</b>  | <b>-80</b> | <b>-1</b>  | <b>24</b>  | <b>13</b>  |
| Allocated Equity (€bn, year to date)                                   | 5.7        | 5.8        | 5.9        | 6.0        | 6.5        | 6.5        | 6.5        | 6.6        |
| €m   | 4Q16       | 3Q16       | 2Q16       | 1Q16       | 4Q15       | 3Q15       | 2Q15       | 1Q15       |
| BNL banca commerciale (Including 2/3 of Private Banking in Italy)      |            |            |            |            |            |            |            |            |
| <b>Revenues</b>  | <b>725</b> | <b>721</b> | <b>730</b> | <b>718</b> | <b>762</b> | <b>745</b> | <b>777</b> | <b>790</b> |
| Operating Expenses and Dep.  | -533       | -438       | -423       | -453       | -541       | -437       | -434       | -455       |
| <b>Gross Operating Income</b>  | <b>192</b> | <b>284</b> | <b>307</b> | <b>265</b> | <b>221</b> | <b>308</b> | <b>342</b> | <b>335</b> |
| Cost of Risk   | -229       | -214       | -242       | -274       | -301       | -309       | -318       | -321       |
| <b>Operating Income</b>  | <b>-36</b> | <b>70</b>  | <b>65</b>  | <b>-8</b>  | <b>-80</b> | <b>-1</b>  | <b>24</b>  | <b>14</b>  |
| Non Operating Items  | 0          | 0          | 0          | 0          | 0          | 0          | 0          | -1         |
| <b>Pre-Tax Income</b>  | <b>-36</b> | <b>70</b>  | <b>65</b>  | <b>-8</b>  | <b>-80</b> | <b>-1</b>  | <b>24</b>  | <b>13</b>  |
| Allocated Equity (€bn, year to date)                                   | 5.7        | 5.8        | 5.9        | 6.0        | 6.5        | 6.5        | 6.5        | 6.6        |
| €m   | 4Q16       | 3Q16       | 2Q16       | 1Q16       | 4Q15       | 3Q15       | 2Q15       | 1Q15       |
| BELGIAN RETAIL BANKING (Including 100% of Private Banking in Belgium)* |            |            |            |            |            |            |            |            |
| <b>Revenues</b>  | <b>908</b> | <b>914</b> | <b>923</b> | <b>917</b> | <b>882</b> | <b>880</b> | <b>893</b> | <b>897</b> |
| Operating Expenses and Dep.  | -661       | -575       | -555       | -791       | -588       | -576       | -525       | -773       |
| <b>Gross Operating Income</b>  | <b>247</b> | <b>339</b> | <b>367</b> | <b>126</b> | <b>295</b> | <b>305</b> | <b>368</b> | <b>123</b> |
| Cost of Risk   | -9         | -19        | -49        | -21        | -52        | 2          | -2         | -34        |
| <b>Operating Income</b>  | <b>237</b> | <b>320</b> | <b>318</b> | <b>106</b> | <b>243</b> | <b>306</b> | <b>366</b> | <b>90</b>  |
| Share of Earnings of Equity-Method Entities                            | 2          | 5          | 5          | -4         | 3          | 3          | 5          | -1         |
| Other Non Operating Items  | -1         | -2         | 0          | 0          | 5          | -7         | -4         | -13        |
| <b>Pre-Tax Income</b>  | <b>239</b> | <b>323</b> | <b>323</b> | <b>102</b> | <b>250</b> | <b>303</b> | <b>367</b> | <b>76</b>  |
| Income Attributable to Wealth and Asset Management                     | -17        | -18        | -21        | -14        | -14        | -20        | -17        | -17        |
| <b>Pre-Tax Income of Belgian Retail Banking</b>                        | <b>222</b> | <b>305</b> | <b>302</b> | <b>88</b>  | <b>235</b> | <b>283</b> | <b>350</b> | <b>60</b>  |
| Allocated Equity (€bn, year to date)                                   | 4.7        | 4.7        | 4.7        | 4.6        | 4.5        | 4.5        | 4.5        | 4.4        |
| €m   | 4Q16       | 3Q16       | 2Q16       | 1Q16       | 4Q15       | 3Q15       | 2Q15       | 1Q15       |
| BELGIAN RETAIL BANKING (Including 2/3 of Private Banking in Belgium)   |            |            |            |            |            |            |            |            |
| <b>Revenues</b>  | <b>867</b> | <b>871</b> | <b>878</b> | <b>875</b> | <b>846</b> | <b>838</b> | <b>856</b> | <b>852</b> |
| Operating Expenses and Dep.  | -636       | -550       | -534       | -763       | -565       | -551       | -506       | -747       |
| <b>Gross Operating Income</b>  | <b>230</b> | <b>321</b> | <b>344</b> | <b>112</b> | <b>280</b> | <b>286</b> | <b>350</b> | <b>105</b> |
| Cost of Risk   | -10        | -19        | -46        | -20        | -52        | 0          | -1         | -32        |
| <b>Operating Income</b>  | <b>221</b> | <b>302</b> | <b>297</b> | <b>92</b>  | <b>228</b> | <b>286</b> | <b>349</b> | <b>73</b>  |
| Share of Earnings of Equity-Method Entities                            | 2          | 5          | 5          | -4         | 3          | 3          | 5          | -1         |
| Other Non Operating Items  | -1         | -2         | 0          | 0          | 5          | -7         | -4         | -13        |
| <b>Pre-Tax Income</b>  | <b>222</b> | <b>305</b> | <b>302</b> | <b>88</b>  | <b>235</b> | <b>283</b> | <b>350</b> | <b>60</b>  |
| Allocated Equity (€bn, year to date)                                   | 4.7        | 4.7        | 4.7        | 4.6        | 4.5        | 4.5        | 4.5        | 4.4        |

\* Including 100% of Private Banking for the Revenues to Pre-tax income items



| €m  | 4Q16       | 3Q16       | 2Q16       | 1Q16       | 4Q15       | 3Q15       | 2Q15       | 1Q15       |
|---|------------|------------|------------|------------|------------|------------|------------|------------|
| OTHER DOMESTIC MARKETS ACTIVITIES INCLUDING LUXEMBOURG (Including 100% of Private Banking in Luxembourg)* |            |            |            |            |            |            |            |            |
| <b>Revenues</b>   | <b>666</b> | <b>669</b> | <b>681</b> | <b>666</b> | <b>638</b> | <b>625</b> | <b>624</b> | <b>611</b> |
| Operating Expenses and Dep.   | -374       | -367       | -355       | -393       | -368       | -332       | -332       | -354       |
| <b>Gross Operating Income</b>   | <b>292</b> | <b>302</b> | <b>327</b> | <b>273</b> | <b>270</b> | <b>293</b> | <b>292</b> | <b>257</b> |
| Cost of Risk  | -37        | -23        | -25        | -31        | -31        | -33        | -26        | -47        |
| <b>Operating Income</b>   | <b>255</b> | <b>279</b> | <b>302</b> | <b>242</b> | <b>240</b> | <b>260</b> | <b>266</b> | <b>210</b> |
| Share of Earnings of Equity-Method Entities   | 10         | 13         | 8          | 12         | 18         | 10         | 3          | 5          |
| Other Non Operating Items   | -6         | 10         | 3          | -2         | -13        | 0          | 0          | -1         |
| <b>Pre-Tax Income</b>   | <b>260</b> | <b>301</b> | <b>312</b> | <b>252</b> | <b>245</b> | <b>270</b> | <b>269</b> | <b>214</b> |
| Income Attributable to Wealth and Asset Management  | 0          | 0          | -1         | -1         | -1         | -1         | -1         | -1         |
| <b>Pre-Tax Income of Other Domestic Markets</b>   | <b>259</b> | <b>301</b> | <b>311</b> | <b>251</b> | <b>244</b> | <b>269</b> | <b>267</b> | <b>213</b> |
| Allocated Equity (€bn, year to date)  | 3.8        | 3.8        | 3.8        | 3.8        | 3.5        | 3.4        | 3.4        | 3.3        |
|   |            |            |            |            |            |            |            |            |
| €m  | 4Q16       | 3Q16       | 2Q16       | 1Q16       | 4Q15       | 3Q15       | 2Q15       | 1Q15       |
| OTHER DOMESTIC MARKETS ACTIVITIES INCLUDING LUXEMBOURG (Including 2/3 of Private Banking in Luxembourg)   |            |            |            |            |            |            |            |            |
| <b>Revenues</b>   | <b>663</b> | <b>666</b> | <b>679</b> | <b>663</b> | <b>636</b> | <b>622</b> | <b>621</b> | <b>608</b> |
| Operating Expenses and Dep.   | -372       | -365       | -353       | -391       | -366       | -330       | -331       | -353       |
| <b>Gross Operating Income</b>   | <b>291</b> | <b>301</b> | <b>326</b> | <b>272</b> | <b>269</b> | <b>292</b> | <b>290</b> | <b>255</b> |
| Cost of Risk  | -36        | -23        | -25        | -31        | -31        | -33        | -26        | -47        |
| <b>Operating Income</b>   | <b>255</b> | <b>278</b> | <b>301</b> | <b>241</b> | <b>238</b> | <b>259</b> | <b>265</b> | <b>209</b> |
| Share of Earnings of Equity-Method Entities   | 10         | 13         | 8          | 12         | 18         | 10         | 3          | 5          |
| Other Non Operating Items   | -6         | 10         | 3          | -2         | -13        | 0          | 0          | -1         |
| <b>Pre-Tax Income</b>   | <b>259</b> | <b>301</b> | <b>311</b> | <b>251</b> | <b>244</b> | <b>269</b> | <b>267</b> | <b>213</b> |
| Allocated Equity (€bn, year to date)  | 3.8        | 3.8        | 3.8        | 3.8        | 3.5        | 3.4        | 3.4        | 3.3        |

\* Including 100% of Private Banking for the Revenues to Pre-tax income items



| €m   | 4Q16         | 3Q16         | 2Q16         | 1Q16         | 4Q15         | 3Q15         | 2Q15         | 1Q15         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>INTERNATIONAL FINANCIAL SERVICES</b>                                    |              |              |              |              |              |              |              |              |
| <b>Revenues</b>  | <b>4,025</b> | <b>3,946</b> | <b>3,813</b> | <b>3,696</b> | <b>3,903</b> | <b>3,799</b> | <b>3,871</b> | <b>3,722</b> |
| Operating Expenses and Dep.  | -2,481       | -2,319       | -2,303       | -2,442       | -2,403       | -2,242       | -2,300       | -2,389       |
| <b>Gross Operating Income</b>  | <b>1,544</b> | <b>1,627</b> | <b>1,510</b> | <b>1,254</b> | <b>1,500</b> | <b>1,558</b> | <b>1,571</b> | <b>1,333</b> |
| Cost of Risk   | -425         | -376         | -355         | -339         | -411         | -417         | -432         | -462         |
| <b>Operating Income</b>  | <b>1,118</b> | <b>1,251</b> | <b>1,155</b> | <b>915</b>   | <b>1,089</b> | <b>1,141</b> | <b>1,138</b> | <b>871</b>   |
| Share of Earnings of Equity-Method Entities                                | 116          | 122          | 111          | 127          | 117          | 103          | 131          | 109          |
| Other Non Operating Items  | 1            | 1            | -4           | 10           | 0            | 27           | 2            | 5            |
| <b>Pre-Tax Income</b>  | <b>1,236</b> | <b>1,373</b> | <b>1,262</b> | <b>1,052</b> | <b>1,206</b> | <b>1,272</b> | <b>1,271</b> | <b>985</b>   |
| Allocated Equity (€bn, year to date)                                       | 26.1         | 25.9         | 25.7         | 25.8         | 25.7         | 25.7         | 25.7         | 25.0         |
| <hr/>  |              |              |              |              |              |              |              |              |
| €m   | 4Q16         | 3Q16         | 2Q16         | 1Q16         | 4Q15         | 3Q15         | 2Q15         | 1Q15         |
| <b>PERSONAL FINANCE</b>  |              |              |              |              |              |              |              |              |
| <b>Revenues</b>  | <b>1,185</b> | <b>1,177</b> | <b>1,168</b> | <b>1,149</b> | <b>1,161</b> | <b>1,174</b> | <b>1,164</b> | <b>1,161</b> |
| Operating Expenses and Dep.  | -598         | -544         | -547         | -609         | -580         | -545         | -581         | -609         |
| <b>Gross Operating Income</b>  | <b>587</b>   | <b>632</b>   | <b>621</b>   | <b>540</b>   | <b>581</b>   | <b>629</b>   | <b>583</b>   | <b>552</b>   |
| Cost of Risk   | -269         | -240         | -248         | -221         | -309         | -287         | -288         | -292         |
| <b>Operating Income</b>  | <b>317</b>   | <b>392</b>   | <b>373</b>   | <b>319</b>   | <b>273</b>   | <b>342</b>   | <b>295</b>   | <b>260</b>   |
| Share of Earnings of Equity-Method Entities                                | 18           | 18           | -8           | 13           | 21           | 22           | 15           | 17           |
| Other Non Operating Items  | -2           | 0            | -1           | 1            | -1           | 0            | 2            | -2           |
| <b>Pre-Tax Income</b>  | <b>334</b>   | <b>411</b>   | <b>364</b>   | <b>333</b>   | <b>293</b>   | <b>364</b>   | <b>312</b>   | <b>276</b>   |
| Allocated Equity (€bn, year to date)                                       | 4.9          | 4.9          | 4.8          | 4.8          | 4.5          | 4.5          | 4.4          | 4.2          |
| <hr/>  |              |              |              |              |              |              |              |              |
| €m   | 4Q16         | 3Q16         | 2Q16         | 1Q16         | 4Q15         | 3Q15         | 2Q15         | 1Q15         |
| <b>EUROPE-MEDITERRANEAN (Including 100% of Private Banking in Turkey)*</b> |              |              |              |              |              |              |              |              |
| <b>Revenues</b>  | <b>630</b>   | <b>659</b>   | <b>616</b>   | <b>608</b>   | <b>626</b>   | <b>617</b>   | <b>663</b>   | <b>609</b>   |
| Operating Expenses and Dep.  | -431         | -413         | -429         | -432         | -444         | -404         | -408         | -452         |
| <b>Gross Operating Income</b>  | <b>200</b>   | <b>245</b>   | <b>187</b>   | <b>176</b>   | <b>183</b>   | <b>213</b>   | <b>255</b>   | <b>158</b>   |
| Cost of Risk   | -127         | -127         | -87          | -96          | -96          | -112         | -109         | -150         |
| <b>Operating Income</b>  | <b>73</b>    | <b>118</b>   | <b>100</b>   | <b>80</b>    | <b>87</b>    | <b>101</b>   | <b>146</b>   | <b>8</b>     |
| Share of Earnings of Equity-Method Entities                                | 49           | 48           | 53           | 50           | 46           | 44           | 42           | 42           |
| Other Non Operating Items  | -1           | 0            | -4           | 2            | 1            | 0            | -2           | 1            |
| <b>Pre-Tax Income</b>  | <b>121</b>   | <b>166</b>   | <b>149</b>   | <b>132</b>   | <b>134</b>   | <b>145</b>   | <b>186</b>   | <b>51</b>    |
| Income Attributable to Wealth and Asset Management                         | -1           | 0            | -1           | -1           | -1           | -1           | -1           | -1           |
| <b>Pre-Tax Income of EUROPE-MEDITERRANEAN</b>                              | <b>120</b>   | <b>165</b>   | <b>149</b>   | <b>132</b>   | <b>133</b>   | <b>145</b>   | <b>185</b>   | <b>51</b>    |
| Allocated Equity (€bn, year to date)                                       | 5.2          | 5.2          | 5.2          | 5.1          | 5.4          | 5.4          | 5.4          | 5.3          |
| <hr/>  |              |              |              |              |              |              |              |              |
| €m   | 4Q16         | 3Q16         | 2Q16         | 1Q16         | 4Q15         | 3Q15         | 2Q15         | 1Q15         |
| <b>EUROPE-MEDITERRANEAN (Including 2/3 of Private Banking in Turkey)</b>   |              |              |              |              |              |              |              |              |
| <b>Revenues</b>  | <b>628</b>   | <b>656</b>   | <b>614</b>   | <b>606</b>   | <b>625</b>   | <b>614</b>   | <b>661</b>   | <b>607</b>   |
| Operating Expenses and Dep.  | -429         | -411         | -428         | -431         | -442         | -403         | -406         | -450         |
| <b>Gross Operating Income</b>  | <b>199</b>   | <b>245</b>   | <b>187</b>   | <b>176</b>   | <b>182</b>   | <b>212</b>   | <b>254</b>   | <b>157</b>   |
| Cost of Risk   | -127         | -127         | -87          | -96          | -96          | -112         | -109         | -150         |
| <b>Operating Income</b>  | <b>72</b>    | <b>118</b>   | <b>100</b>   | <b>80</b>    | <b>86</b>    | <b>100</b>   | <b>145</b>   | <b>8</b>     |
| Share of Earnings of Equity-Method Entities                                | 49           | 48           | 53           | 50           | 46           | 44           | 42           | 42           |
| Other Non Operating Items  | -1           | 0            | -4           | 2            | 1            | 0            | -2           | 1            |
| <b>Pre-Tax Income</b>  | <b>120</b>   | <b>165</b>   | <b>149</b>   | <b>132</b>   | <b>133</b>   | <b>145</b>   | <b>185</b>   | <b>51</b>    |
| Allocated Equity (€bn, year to date)                                       | 5.2          | 5.2          | 5.2          | 5.1          | 5.4          | 5.4          | 5.4          | 5.3          |

\* Including 100% of Private Banking for the Revenues to Pre-tax income items



| €m   | 4Q16       | 3Q16       | 2Q16       | 1Q16       | 4Q15       | 3Q15       | 2Q15       | 1Q15       |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| BANCWEST (Including 100% of Private Banking in United States)* |            |            |            |            |            |            |            |            |
| <b>Revenues</b>  | <b>795</b> | <b>728</b> | <b>688</b> | <b>773</b> | <b>735</b> | <b>702</b> | <b>731</b> | <b>667</b> |
| Operating Expenses and Dep.                                    | -521       | -501       | -482       | -534       | -481       | -465       | -466       | -470       |
| <b>Gross Operating Income</b>                                  | <b>274</b> | <b>227</b> | <b>207</b> | <b>239</b> | <b>253</b> | <b>237</b> | <b>265</b> | <b>197</b> |
| Cost of Risk   | -23        | -14        | -23        | -25        | 4          | -19        | -16        | -19        |
| <b>Operating Income</b>  | <b>251</b> | <b>213</b> | <b>184</b> | <b>214</b> | <b>257</b> | <b>218</b> | <b>249</b> | <b>178</b> |
| Share of Earnings of Equity-Method Entities                    | 0          | 0          | 0          | 0          | 0          | 0          | 0          | 0          |
| Other Non Operating Items                                      | 4          | 1          | 1          | 10         | 2          | 25         | 1          | 3          |
| <b>Pre-Tax Income</b>  | <b>255</b> | <b>214</b> | <b>184</b> | <b>225</b> | <b>260</b> | <b>243</b> | <b>250</b> | <b>180</b> |
| Income Attributable to Wealth and Asset Management             | -5         | -4         | -3         | -3         | -3         | -3         | -2         | -2         |
| <b>Pre-Tax Income of BANCWEST</b>                              | <b>251</b> | <b>210</b> | <b>181</b> | <b>221</b> | <b>257</b> | <b>240</b> | <b>248</b> | <b>178</b> |
| Allocated Equity (€bn, year to date)                           | 6.3        | 6.2        | 6.3        | 6.4        | 6.3        | 6.3        | 6.3        | 6.0        |
|  |            |            |            |            |            |            |            |            |
| €m   | 4Q16       | 3Q16       | 2Q16       | 1Q16       | 4Q15       | 3Q15       | 2Q15       | 1Q15       |
| BANCWEST (Including 2/3 of Private Banking in United States)   |            |            |            |            |            |            |            |            |
| <b>Revenues</b>  | <b>782</b> | <b>716</b> | <b>677</b> | <b>762</b> | <b>724</b> | <b>692</b> | <b>721</b> | <b>658</b> |
| Operating Expenses and Dep.                                    | -513       | -493       | -474       | -526       | -474       | -457       | -459       | -463       |
| <b>Gross Operating Income</b>                                  | <b>269</b> | <b>223</b> | <b>203</b> | <b>236</b> | <b>250</b> | <b>234</b> | <b>262</b> | <b>195</b> |
| Cost of Risk   | -23        | -14        | -23        | -25        | 4          | -19        | -16        | -19        |
| <b>Operating Income</b>  | <b>246</b> | <b>209</b> | <b>180</b> | <b>211</b> | <b>255</b> | <b>215</b> | <b>247</b> | <b>175</b> |
| Non Operating Items  | 4          | 1          | 1          | 10         | 2          | 25         | 1          | 3          |
| <b>Pre-Tax Income</b>  | <b>251</b> | <b>210</b> | <b>181</b> | <b>221</b> | <b>257</b> | <b>240</b> | <b>248</b> | <b>178</b> |
| Allocated Equity (€bn, year to date)                           | 6.3        | 6.2        | 6.3        | 6.4        | 6.3        | 6.3        | 6.3        | 6.0        |
|  |            |            |            |            |            |            |            |            |
| €m   | 4Q16       | 3Q16       | 2Q16       | 1Q16       | 4Q15       | 3Q15       | 2Q15       | 1Q15       |
| INSURANCE  |            |            |            |            |            |            |            |            |
| <b>Revenues</b>  | <b>636</b> | <b>679</b> | <b>611</b> | <b>456</b> | <b>604</b> | <b>579</b> | <b>562</b> | <b>575</b> |
| Operating Expenses and Dep.                                    | -315       | -299       | -278       | -309       | -302       | -278       | -276       | -301       |
| <b>Gross Operating Income</b>                                  | <b>321</b> | <b>380</b> | <b>333</b> | <b>147</b> | <b>302</b> | <b>301</b> | <b>286</b> | <b>275</b> |
| Cost of Risk   | -1         | 3          | 1          | -1         | -4         | 2          | -4         | 0          |
| <b>Operating Income</b>  | <b>320</b> | <b>383</b> | <b>334</b> | <b>146</b> | <b>298</b> | <b>304</b> | <b>282</b> | <b>275</b> |
| Share of Earnings of Equity-Method Entities                    | 36         | 44         | 54         | 55         | 40         | 28         | 60         | 42         |
| Other Non Operating Items                                      | 0          | 0          | 0          | -3         | -1         | 0          | 1          | 0          |
| <b>Pre-Tax Income</b>  | <b>356</b> | <b>427</b> | <b>387</b> | <b>199</b> | <b>337</b> | <b>332</b> | <b>343</b> | <b>316</b> |
| Allocated Equity (€bn, year to date)                           | 7.5        | 7.4        | 7.4        | 7.4        | 7.4        | 7.3        | 7.3        | 7.3        |
|  |            |            |            |            |            |            |            |            |
| €m   | 4Q16       | 3Q16       | 2Q16       | 1Q16       | 4Q15       | 3Q15       | 2Q15       | 1Q15       |
| WEALTH AND ASSET MANAGEMENT                                    |            |            |            |            |            |            |            |            |
| <b>Revenues</b>  | <b>794</b> | <b>718</b> | <b>743</b> | <b>723</b> | <b>789</b> | <b>739</b> | <b>764</b> | <b>720</b> |
| Operating Expenses and Dep.                                    | -626       | -572       | -577       | -567       | -605       | -558       | -579       | -566       |
| <b>Gross Operating Income</b>                                  | <b>168</b> | <b>146</b> | <b>166</b> | <b>156</b> | <b>184</b> | <b>181</b> | <b>185</b> | <b>154</b> |
| Cost of Risk   | -5         | 3          | 3          | 3          | -7         | -1         | -16        | -1         |
| <b>Operating Income</b>  | <b>163</b> | <b>149</b> | <b>169</b> | <b>159</b> | <b>177</b> | <b>180</b> | <b>169</b> | <b>153</b> |
| Share of Earnings of Equity-Method Entities                    | 13         | 12         | 13         | 8          | 11         | 10         | 14         | 8          |
| Other Non Operating Items                                      | 0          | 0          | 0          | 0          | -3         | 2          | 0          | 3          |
| <b>Pre-Tax Income</b>  | <b>176</b> | <b>161</b> | <b>181</b> | <b>167</b> | <b>185</b> | <b>191</b> | <b>183</b> | <b>165</b> |
| Allocated Equity (€bn, year to date)                           | 2.1        | 2.1        | 2.1        | 2.1        | 2.2        | 2.2        | 2.2        | 2.2        |

\* Including 100% of Private Banking for the Revenues to Pre-tax income items



| €m  | 4Q16         | 3Q16         | 2Q16         | 1Q16         | 4Q15         | 3Q15         | 2Q15         | 1Q15         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>CORPORATE AND INSTITUTIONAL BANKING</b>                        |              |              |              |              |              |              |              |              |
| <b>Revenues</b>   | <b>2,821</b> | <b>2,905</b> | <b>3,056</b> | <b>2,686</b> | <b>2,612</b> | <b>2,567</b> | <b>3,014</b> | <b>3,313</b> |
| Operating Expenses and Dep.                                       | -1,914       | -2,022       | -2,115       | -2,258       | -1,976       | -1,955       | -2,051       | -2,475       |
| <b>Gross Operating Income</b>                                     | <b>907</b>   | <b>883</b>   | <b>942</b>   | <b>428</b>   | <b>636</b>   | <b>612</b>   | <b>963</b>   | <b>838</b>   |
| Cost of Risk  | -70          | -74          | -46          | -28          | -63          | -40          | -14          | -96          |
| <b>Operating Income</b>   | <b>837</b>   | <b>809</b>   | <b>896</b>   | <b>400</b>   | <b>574</b>   | <b>572</b>   | <b>948</b>   | <b>742</b>   |
| Share of Earnings of Equity-Method Entities                       | 9            | 2            | 13           | -3           | 10           | 2            | 13           | 8            |
| Other Non Operating Items   | -5           | 1            | -2           | 6            | -27          | -2           | 20           | 136          |
| <b>Pre-Tax Income</b>   | <b>841</b>   | <b>812</b>   | <b>907</b>   | <b>403</b>   | <b>558</b>   | <b>573</b>   | <b>981</b>   | <b>885</b>   |
| Allocated Equity (€bn, year to date)                              | 22.2         | 22.2         | 22.0         | 21.9         | 21.6         | 21.6         | 21.5         | 20.6         |
| €m  | 4Q16         | 3Q16         | 2Q16         | 1Q16         | 4Q15         | 3Q15         | 2Q15         | 1Q15         |
| <b>CORPORATE BANKING</b>  |              |              |              |              |              |              |              |              |
| <b>Revenues</b>   | <b>1,071</b> | <b>958</b>   | <b>1,037</b> | <b>929</b>   | <b>1,126</b> | <b>877</b>   | <b>1,015</b> | <b>988</b>   |
| Operating Expenses and Dep.                                       | -567         | -591         | -601         | -693         | -606         | -584         | -611         | -669         |
| <b>Gross Operating Income</b>                                     | <b>504</b>   | <b>368</b>   | <b>436</b>   | <b>236</b>   | <b>520</b>   | <b>293</b>   | <b>404</b>   | <b>319</b>   |
| Cost of Risk  | -115         | -79          | -42          | -55          | -69          | -50          | 55           | -73          |
| <b>Operating Income</b>   | <b>388</b>   | <b>289</b>   | <b>394</b>   | <b>181</b>   | <b>451</b>   | <b>243</b>   | <b>459</b>   | <b>246</b>   |
| Non Operating Items   | 14           | -3           | 2            | 0            | -10          | -1           | 32           | 139          |
| <b>Pre-Tax Income</b>   | <b>402</b>   | <b>286</b>   | <b>396</b>   | <b>181</b>   | <b>441</b>   | <b>242</b>   | <b>491</b>   | <b>385</b>   |
| Allocated Equity (€bn, year to date)                              | 12.4         | 12.3         | 12.3         | 12.2         | 11.4         | 11.4         | 11.3         | 11.0         |
| €m  | 4Q16         | 3Q16         | 2Q16         | 1Q16         | 4Q15         | 3Q15         | 2Q15         | 1Q15         |
| <b>GLOBAL MARKETS</b>   |              |              |              |              |              |              |              |              |
| <b>Revenues</b>   | <b>1,284</b> | <b>1,490</b> | <b>1,558</b> | <b>1,318</b> | <b>1,053</b> | <b>1,245</b> | <b>1,526</b> | <b>1,886</b> |
| <i>incl. FICC</i>   | <i>838</i>   | <i>1,082</i> | <i>1,050</i> | <i>890</i>   | <i>682</i>   | <i>766</i>   | <i>900</i>   | <i>1,159</i> |
| <i>incl. Equity &amp; Prime Services</i>                          | <i>446</i>   | <i>408</i>   | <i>509</i>   | <i>428</i>   | <i>371</i>   | <i>478</i>   | <i>626</i>   | <i>728</i>   |
| Operating Expenses and Dep.                                       | -967         | -1,065       | -1,139       | -1,184       | -980         | -1,001       | -1,073       | -1,450       |
| <b>Gross Operating Income</b>                                     | <b>317</b>   | <b>425</b>   | <b>419</b>   | <b>134</b>   | <b>73</b>    | <b>243</b>   | <b>453</b>   | <b>436</b>   |
| Cost of Risk  | 44           | 5            | -4           | 27           | 4            | 11           | -72          | -23          |
| <b>Operating Income</b>   | <b>361</b>   | <b>430</b>   | <b>415</b>   | <b>160</b>   | <b>77</b>    | <b>254</b>   | <b>380</b>   | <b>413</b>   |
| Share of Earnings of Equity-Method Entities                       | -3           | 5            | 11           | -4           | 6            | 4            | 2            | 6            |
| Other Non Operating Items   | -8           | 0            | -2           | 6            | -12          | -2           | 0            | -1           |
| <b>Pre-Tax Income</b>   | <b>350</b>   | <b>435</b>   | <b>424</b>   | <b>163</b>   | <b>72</b>    | <b>256</b>   | <b>382</b>   | <b>418</b>   |
| Allocated Equity (€bn, year to date)                              | 9.0          | 9.1          | 9.0          | 9.1          | 9.5          | 9.5          | 9.5          | 9.0          |
| €m  | 4Q16         | 3Q16         | 2Q16         | 1Q16         | 4Q15         | 3Q15         | 2Q15         | 1Q15         |
| <b>SECURITIES SERVICES</b>  |              |              |              |              |              |              |              |              |
| <b>Revenues</b>   | <b>466</b>   | <b>457</b>   | <b>461</b>   | <b>440</b>   | <b>433</b>   | <b>444</b>   | <b>473</b>   | <b>439</b>   |
| Operating Expenses and Dep.                                       | -380         | -367         | -374         | -382         | -390         | -369         | -368         | -356         |
| <b>Gross Operating Income</b>                                     | <b>86</b>    | <b>90</b>    | <b>87</b>    | <b>59</b>    | <b>43</b>    | <b>75</b>    | <b>106</b>   | <b>83</b>    |
| Cost of Risk  | 2            | 0            | 1            | 0            | 3            | 0            | 3            | 0            |
| <b>Operating Income</b>   | <b>87</b>    | <b>90</b>    | <b>88</b>    | <b>59</b>    | <b>45</b>    | <b>75</b>    | <b>109</b>   | <b>83</b>    |
| Non Operating Items   | 1            | 1            | 0            | 0            | 0            | 0            | 0            | 0            |
| <b>Pre-Tax Income</b>   | <b>88</b>    | <b>91</b>    | <b>87</b>    | <b>59</b>    | <b>45</b>    | <b>75</b>    | <b>109</b>   | <b>83</b>    |
| Allocated Equity (€bn, year to date)                              | 0.8          | 0.8          | 0.7          | 0.7          | 0.7          | 0.7          | 0.7          | 0.6          |
| €m  | 4Q16         | 3Q16         | 2Q16         | 1Q16         | 4Q15         | 3Q15         | 2Q15         | 1Q15         |
| <b>CORPORATE CENTRE</b>   |              |              |              |              |              |              |              |              |
| <b>Revenues</b>   | <b>70</b>    | <b>-45</b>   | <b>650</b>   | <b>618</b>   | <b>151</b>   | <b>198</b>   | <b>352</b>   | <b>209</b>   |
| Operating Expenses and Dep.                                       | -330         | -381         | -295         | -182         | -381         | -302         | -395         | -258         |
| <i>Incl. Restructuring and Transformation Costs</i>               | <i>-154</i>  | <i>-253</i>  | <i>-108</i>  | <i>-46</i>   | <i>-286</i>  | <i>-160</i>  | <i>-217</i>  | <i>-130</i>  |
| <b>Gross Operating Income</b>                                     | <b>-260</b>  | <b>-426</b>  | <b>356</b>   | <b>435</b>   | <b>-230</b>  | <b>-103</b>  | <b>-43</b>   | <b>-50</b>   |
| Cost of Risk  | -56          | 13           | -5           | 9            | -24          | -6           | -24          | 2            |
| Costs related to the comprehensive settlement with US authorities | 0            | 0            | 0            | 0            | -100         | 0            | 0            | 0            |
| <b>Operating Income</b>   | <b>-316</b>  | <b>-413</b>  | <b>350</b>   | <b>444</b>   | <b>-354</b>  | <b>-109</b>  | <b>-67</b>   | <b>-47</b>   |
| Share of Earnings of Equity-Method Entities                       | 13           | 22           | 28           | 21           | 5            | 14           | 12           | 15           |
| Other Non Operating Items   | -136         | 0            | -77          | 10           | -622         | 11           | 410          | 76           |
| <b>Pre-Tax Income</b>   | <b>-440</b>  | <b>-391</b>  | <b>301</b>   | <b>475</b>   | <b>-970</b>  | <b>-84</b>   | <b>354</b>   | <b>43</b>    |

## **ALTERNATIVE PERFORMANCE MEASURES (APM)**

### **ARTICLE 223-1 OF THE AMF'S GENERAL REGULATION**

| <b>Alternative Measures</b>  | <b>Performance</b> | <b>Definition</b>  | <b>Reason for use</b>  |
|--|--------------------|--|--|
| <b>Revenues of the operating divisions</b>   |                    | Sum of the revenues of Domestic Markets, IFS and CIB Revenues for BNP Paribas Group = Revenues of the operating divisions + Revenues of Corporate Centre   | Representative measure of the BNP Paribas Group's operating performance  |
| <b>Revenues excluding PEL/CEL effects</b>  |                    | Revenues excluding PEL/CEL effects   | Representative measure of the revenues of the period excluding changes in the provision that accounts for the risk generated by PEL and CEL accounts during their lifetime   |
| <b>Profit &amp; Loss account of retail banking activity with 100% of Private Banking</b> |                    | Profit & Loss account of a retail banking activity including the whole Profit & Loss account of private banking  | Representative measure of the performance of retail banking activity including the total performance of private banking (before sharing the profit & loss account with the Wealth Management business, private banking being under a joint responsibility of retail banking (2/3) and Wealth Management business (1/3))                      |
| <b>Cost of risk/Customer loans at the beginning of the period (in basis points)</b>      |                    | Cost of risk (in €m) divided by customer loans at the beginning of the period  | Measure of the risk level by business in percentage of the volume of outstanding loans   |
| <b>Net income Group share excluding exceptional items</b>                                |                    | Net income attributable to equity holders excluding exceptional items  | Measure of BNP Paribas Group's net income excluding non-recurring items of a significant amount or items that do not reflect the underlying operating performance, notably Own Credit valuation Adjustments for debts (OCA) and for derivatives (Debit Valuation Adjustment - DVA) as well as transformation and restructuring costs         |
| <b>Return on Equity (ROE) excluding exceptional items</b>                                |                    | Net income Group share excluding exceptional items and remuneration of Undated Super Subordinated Notes divided by the average of permanent shareholders' equity of the period (shareholders' equity Group share excluding changes in assets and liabilities recognized directly in equity, Undated Super Subordinated Notes, remuneration net of tax payable to holders of Undated Super Subordinated Notes and proposed distribution of dividends) | Measure of the BNP Paribas Group's return on equity excluding non-recurring items of a significant amount or items that do not reflect the operating performance, notably Own Credit valuation Adjustments for debts (OCA) and for derivatives (Debit Valuation Adjustment - DVA) as well as transformation and restructuring costs          |
| <b>Return on Tangible Equity (ROTE) excluding exceptional items</b>                      |                    | Net income Group share excluding exceptional items and remuneration of Undated Super Subordinated Notes divided by the average of tangible permanent shareholders' equity of the period (permanent shareholders' equity correspond to permanent shareholders' equity less goodwill and intangible assets)  | Measure of the BNP Paribas Group's return on tangible equity excluding non recurring items of a significant amount or items that do not reflect the operating performance, notably Own Credit valuation Adjustments for debts (OCA) and for derivatives (Debit Valuation Adjustment - DVA) as well as transformation and restructuring costs |

**Methodology – Comparative analysis at constant scope and exchange rates**

The method used to determine the effect of changes in scope of consolidation depends on the type of transaction (acquisition, sale, etc.). The underlying purpose of the calculation is to facilitate period-on-period comparisons.

In case of acquired or created entity, the results of the new entity are eliminated from the constant scope results of current-year periods corresponding to the periods when the entity was not owned in the prior-year.

In case of divested entities, the entity's results are excluded symmetrically for the prior year for quarters when the entity was not owned.

In case of change of consolidation method, the policy is to use the lowest consolidation percentage over the two years (current and prior) for results of quarters adjusted on a like-for-like basis.

Comparative analysis at constant exchange rates are prepared by restating results for the prior-year quarter (reference quarter) at the current quarter exchange rate (analysed quarter). All of these calculations are performed by reference to the entity's reporting currency.

**Reminder**

**Operating expenses:** sum of salary and employee benefit expenses, other operating expenses and depreciation, amortisation and impairment of property, plant and equipment. In the whole document, the terms operating expenses or costs can be used indifferently.

**Operating divisions:** they consist of 3 divisions:

- Domestic Markets including: French Retail Banking (FRB), BNL banca commerciale (BNL bc), Belgium Retail Banking (BRB), Other Domestic Markets activities including Arval, Leasing Solutions, Personal Investors and Luxembourg Retail Banking (LRB);
- International Financial Services (IFS) including: Europe-Mediterranean, BancWest, Personal Finance, Insurance, Wealth & Asset Management (WAM) that includes Asset Management, Wealth Management and Real Estate Services;
- Corporate and Institutional Banking (CIB) including: Corporate Banking, Global Markets, Securities Services.

|   |           |
|---|-----------|
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| <b>ALTERNATIVE PERFORMANCE MEASURES (APM) ARTICLE 223-1 OF THE AMF'S<br/>GENERAL REGULATION .....</b> | <b>34</b> |

*The figures included in this presentation are unaudited. On 29 March 2016, BNP Paribas issued a restatement of its quarterly results for 2015 reflecting, in particular (i) an increase in the capital allocated to each business line to 11% of risk-weighted assets, compared to 9% previously, (ii) the charge of subordination costs of Additional Tier 1 and Tier 2 debt issued by the Group to the divisions and business lines, a review of the way it charges and remunerates liquidity between the Corporate Centre and the business lines and the adaptation of the allocation practices for revenues and operating expenses of Treasury activities within CIB, (iii) the allocation to the divisions and business lines of the contribution to the Single Resolution Fund, the reduction of the French systemic tax and new contributions to the deposit guarantee funds of BNL and Luxembourg Retail Banking which had been temporarily booked in the operating expenses of the Corporate Centre and (iv) some limited internal transfers of business activities and results. The 2015 quarterly result series have been restated reflecting these effects as if they had occurred on 1<sup>st</sup> January 2015. This presentation is based on the restated 2015 quarterly series.*

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**BNP PARIBAS**

The bank  
for a changing  
world

# BNP PARIBAS

## 2016 FULL YEAR RESULTS

7 FEBRUARY 2017



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*The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding.*



# 2016 Key Messages

|   |  |
|---|--|
| <b>Revenue growth despite a low interest rate environment and a lacklustre market context this year</b> | <b>Revenues: +1.1% vs. 2015</b>                    |
| <b>Cost containment</b>   | <b>+0.4% vs. 2015</b>                              |
| <b>Rise in gross operating income</b>   | <b>+2.6% vs. 2015</b>                              |
| <b>Significant decrease in the cost of risk</b>   | <b>-14.1% vs. 2015 (46 bp)*</b>                    |
| <b>Rise in net income Group share</b><br><b>Dividend per share</b>                                      | <b>€7,702m (+15.1% vs. 2015)</b><br><b>€2.70**</b> |
| <b>Solid organic capital generation</b>   | <b>CET1***: 11.5% (+60 bp vs. 31.12.15)</b>        |

**Success of the 2014-2016 plan**  
**Launch of a new 2017-2020 business development plan**

*\* Cost of risk/Customer loans at the beginning of the period; \*\* Subject to the approval of Annual General Meeting on 23 May 2017; \*\*\* As at 31 December 2016, CRD4 ("fully loaded" ratio)*



# Group Results

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## Division Results

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## Success of the 2014-2016 Business Development Plan

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## 2020 Business Development Plan

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## 4Q16 Detailed Results

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## Appendix

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# Main Exceptional Items - 2016

## ● Revenues

- Own credit adjustment and DVA (*Corporate Centre*)
- Capital gain on the sale of Visa Europe shares (*Corporate Centre*)

*Total exceptional revenue items*

## ● Operating expenses

- Simple & Efficient transformation costs (*Corporate Centre*)
- CIB transformation costs and restructuring costs of acquisitions\* (*Corporate Centre*)
- Restructuring costs of Businesses\*\*
- Compulsory contribution to the resolution process of 4 Italian banks\*\*\*

*Total exceptional operating expenses items*

## ● Costs related to the comprehensive settlement with U.S. authorities (*Corporate Centre*)

- Costs related to the remediation plan

## ● Other non operating items

- Goodwill impairments\*\*\*\* (*Corporate Centre*)
- Capital gain on the sale of a non-strategic stake\*\*\*\*\*
- Sale of the stake in Klépierre-Corio (*Corporate Centre*)
- Dilution capital gain due to the merger between Klépierre and Corio (*Corporate Centre*)

*Total exceptional non operating items*

**Total exceptional items (pre-tax)**

**Total exceptional items (after tax)**

| > | 2016          | > | 2015          |
|---|---------------|---|---------------|
|   | -€59m         |   | +€314m        |
|   | +€597m        |   |               |
|   | <b>+€538m</b> |   | <b>+€314m</b> |
|   |               |   |               |
|   | -€553m        |   | -€622m        |
|   | -€144m        |   | -€171m        |
|   | -€52m         |   | -€69m         |
|   | <b>-€749m</b> |   | <b>-€862m</b> |
|   |               |   |               |
|   |               |   | -€100m        |
|   | <b>€0m</b>    |   | <b>-€100m</b> |
|   |               |   |               |
|   | -€127m        |   | -€993m        |
|   |               |   | +€94m         |
|   |               |   | +€716m        |
|   |               |   | +€123m        |
|   | <b>-€127m</b> |   | <b>-€60m</b>  |
|   |               |   |               |
|   | <b>-€338m</b> |   | <b>-€708m</b> |
|   |               |   |               |
|   | <b>-€100m</b> |   | <b>-€644m</b> |

\* LaSer, Bank BGZ, DAB Bank, GE LLD; \*\* BNL bc (-€50m), BRB (-€80m), WAM (-€7m), Corporate Centre (-€7m); \*\*\* BNL bc (-€47m in 2016, -€65m in 2015), Personal Finance (-€5m in 2016, -€4m in 2015);

\*\*\*\* Of which full goodwill impairment of BNL bc (-€917m in 2015) and of BGZ (-€127m in 4Q16); \*\*\*\*\* CIB-Corporate Banking (€74m), Corporate Centre (€20m)



# Consolidated Group - 2016

|   | > 2016          | > 2015              | > 2016 vs. 2015 |
|---|-----------------|---------------------|-----------------|
| <b>Revenues</b>   | <b>€43,411m</b> | <b>€42,938m</b>     | <b>+1.1%</b>    |
| Operating expenses  | -€29,378m       | -€29,254m           | +0.4%           |
| <b>Gross operating income</b>   | <b>€14,033m</b> | <b>€13,684m</b>     | <b>+2.6%</b>    |
| Cost of risk  | -€3,262m        | -€3,797m            | -14.1%          |
| Costs related to the comprehensive settlement with U.S. authorities       | €0m             | -€100m              | n.s.            |
| Non operating items   | €439m           | €592m               | -25.8%          |
| <b>Pre-tax income</b>   | <b>€11,210m</b> | <b>€10,379m</b>     | <b>+8.0%</b>    |
| <b>Net income attributable to equity holders</b>                          | <b>€7,702m</b>  | <b>€6,694m</b>      | <b>+15.1%</b>   |
| <b>Net income attributable to equity holders excluding one-off items*</b> | <b>€7,802m</b>  | <b>€7,338m</b>      | <b>+6.3%</b>    |
| <b>ROE (ROTE)**:</b>  |                 | <b>9.3% (11.1%)</b> |                 |
| <b>ROE calculated according to the 2014-2016 plan***:</b>                 |                 | <b>10.3%</b>        |                 |



**Good overall performance**

\* See slide 5; \*\* ROE: return on equity, ROTE: return on tangible equity (ROE excluding exceptional elements: 9.4%; ROTE excluding exceptional elements: 11.2%); \*\*\* Return on equity excluding exceptional elements calculated on the basis of CET1 ratio of 10%



# Consolidated Group - 4Q16

|   | > 4Q16          | > 4Q15          | > 4Q16 vs. 4Q15 |
|---|-----------------|-----------------|-----------------|
| <b>Revenues</b>   | <b>€10,656m</b> | <b>€10,449m</b> | <b>+2.0%</b>    |
| Operating expenses  | -€7,444m        | -€7,406m        | +0.5%           |
| <b>Gross operating income</b>   | <b>€3,212m</b>  | <b>€3,043m</b>  | <b>+5.6%</b>    |
| Cost of risk  | -€950m          | -€968m          | -1.9%           |
| <b>Operating income</b>   | <b>€2,262m</b>  | <b>€1,975m</b>  | <b>+14.5%</b>   |
| Non operating items   | €5m             | -€502m          | n.s.            |
| <b>Pre-tax income</b>   | <b>€2,267m</b>  | <b>€1,473m</b>  | <b>+53.9%</b>   |
| <b>Net income attributable to equity holders</b>                          | <b>€1,442m</b>  | <b>€665m</b>    | <b>n.s.</b>     |
| <b>Net income attributable to equity holders excluding one-off items*</b> | <b>€1,814m</b>  | <b>€1,587m</b>  | <b>+14.3%</b>   |

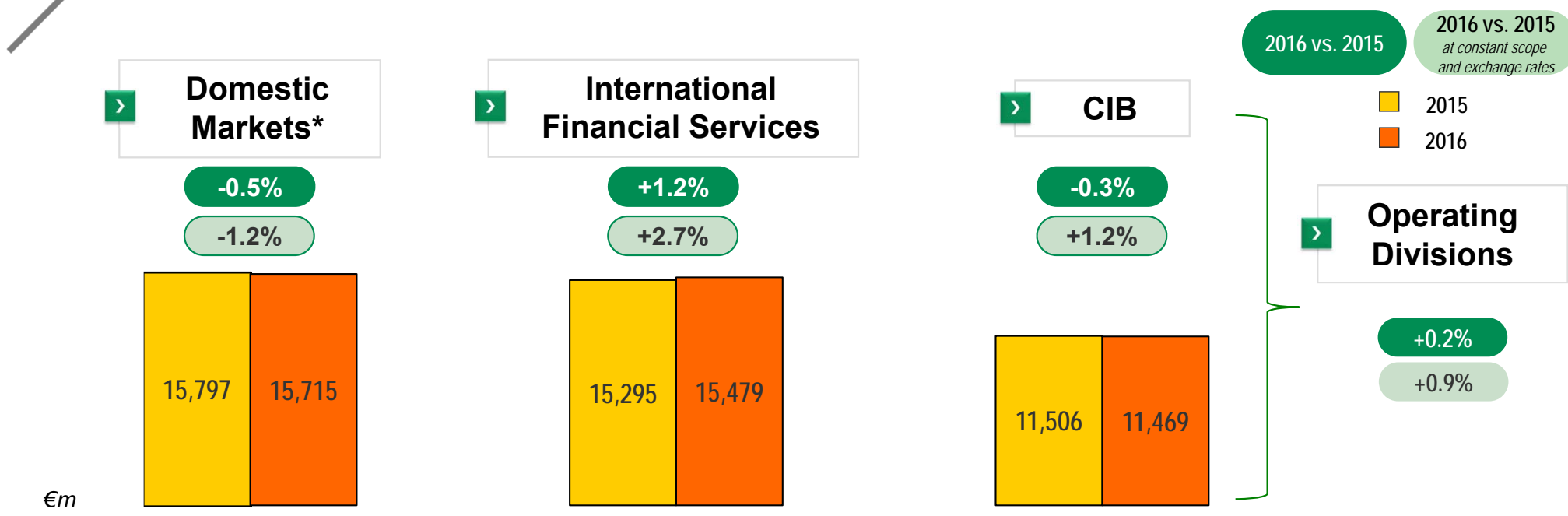


**Good income growth this quarter**

*\* Exceptional elements: see slide 55*



# Revenues of the Operating Divisions - 2016



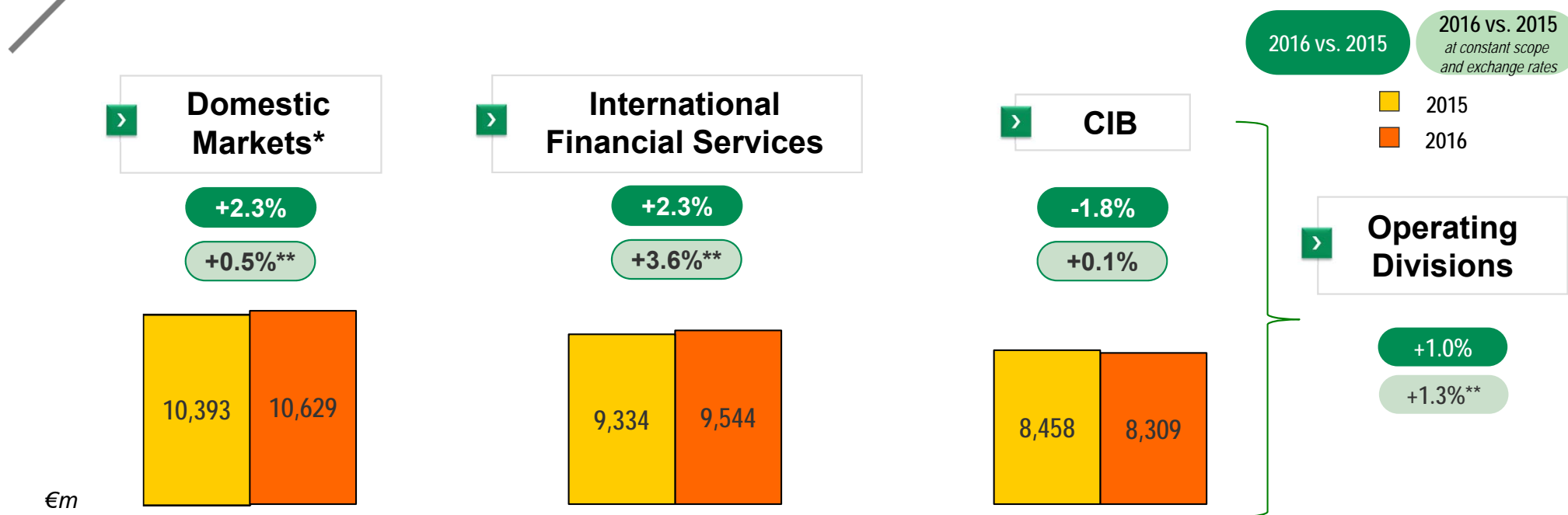
- Unfavourable foreign exchange effect this year
- Slight decrease in the revenues of Domestic Markets as a result of the low interest rate environment
- Rise in the revenues of IFS
- Growth in the revenues of CIB at constant scope and exchange rates despite a particularly unfavourable market environment in 1Q16

**Growth of the operating divisions despite a challenging environment**

*\* Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg*



# Operating Expenses of the Operating Divisions - 2016



- Rise in banking taxes and contributions (impact of +0.6%\*\*\*)
- Impact of the new regulations and the strengthening of compliance
- Simple & Efficient savings plan offsetting the natural costs' drift (inflation, etc.)
- First effects of CIB's savings plan



**Cost containment but rise in taxes as well as regulatory and compliance costs**

\* Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg; \*\* Excluding exceptional operating expenses (see slide 5); \*\*\* Rise in taxes and banking contributions: +€172m vs. 2015

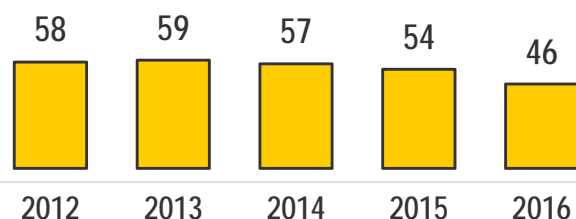




# Cost of Risk - 2016 (1/2)

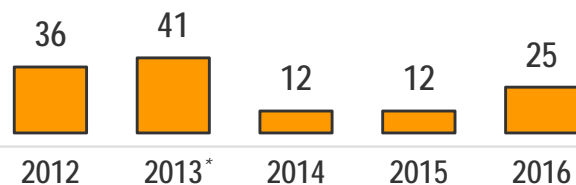
*Cost of risk/Customer loans at the beginning of the period (in bp)*

## > Group



- Cost of risk: €3,262m (-€535m vs. 2015)
- Significant decline in the cost of risk

## > CIB - Corporate Banking



- €292m (+€154m vs. 2015)
- Cost of risk at a low level
- Reminder: positive effect of provisions write-backs in 2014 and 2015

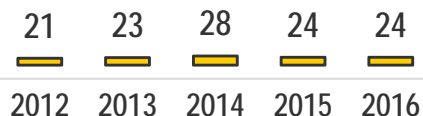
*\* Restated*



# Cost of Risk - 2016 (2/2)

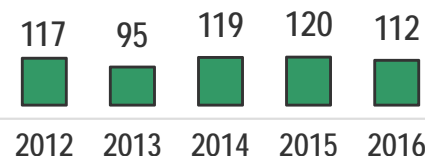
Cost of risk/Customer loans at the beginning of the period (in bp)

## > FRB



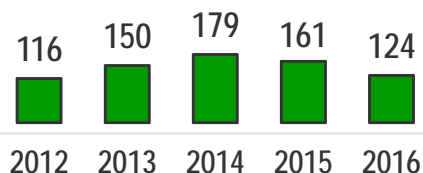
- €342m (stable vs. 2015)
- Cost of risk still low

## > Europe-Mediterranean



- €437m (-€29m vs. 2015)
- Cost of risk ~stable

## > BNL bc



- €959m (-€289m vs. 2015)
- Continued decrease in the cost of risk

## > BancWest



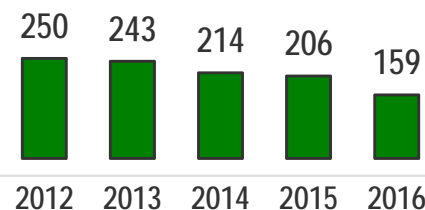
- €85m (+€35m vs. 2015)
- Cost of risk still low

## > BRB



- €98m (+€13m vs. 2015)
- Very low cost of risk

## > Personal Finance



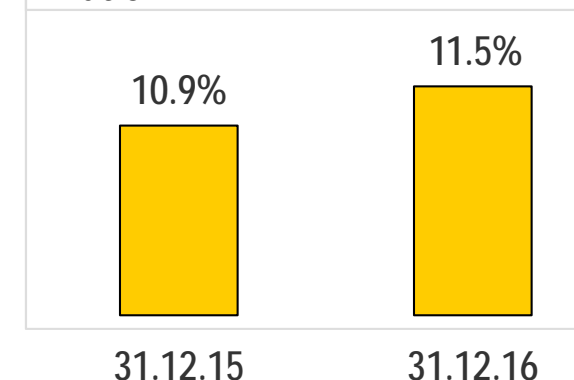
- €979m (-€196m vs. 2015)
  - Effect of the low interest rates and the growing positioning on products with a better risk profile
  - Provisions write-backs following sales of doubtful loans (~€50m)



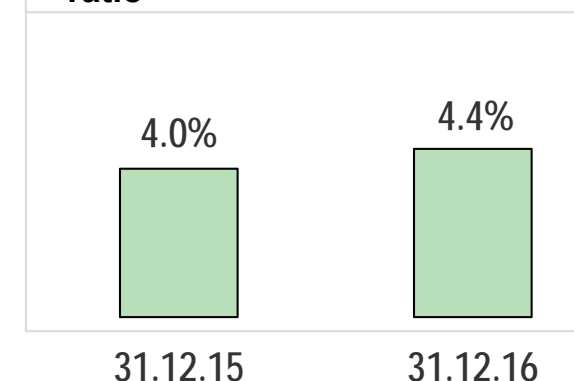
# Financial Structure

- Fully loaded Basel 3 CET1 ratio\*: 11.5% as at 31.12.16; +60 bp vs. 31.12.15:
  - Essentially due to the 2016 results after taking into account the dividend payment
- Fully loaded Basel 3 leverage\*\*: 4.4% as at 31.12.16 (+40 bp vs. 31.12.15)
  - Calculated on total Tier 1 Capital
- Liquidity Coverage Ratio: 123% as at 31.12.16
- Immediately available liquidity reserve: €305bn\*\*\* (€266bn as at 31.12.15)
  - Equivalent to over 1 year of room to manoeuvre in terms of wholesale funding

> Fully loaded Basel 3 CET1 ratio\*



> Fully loaded Basel 3 leverage ratio\*\*



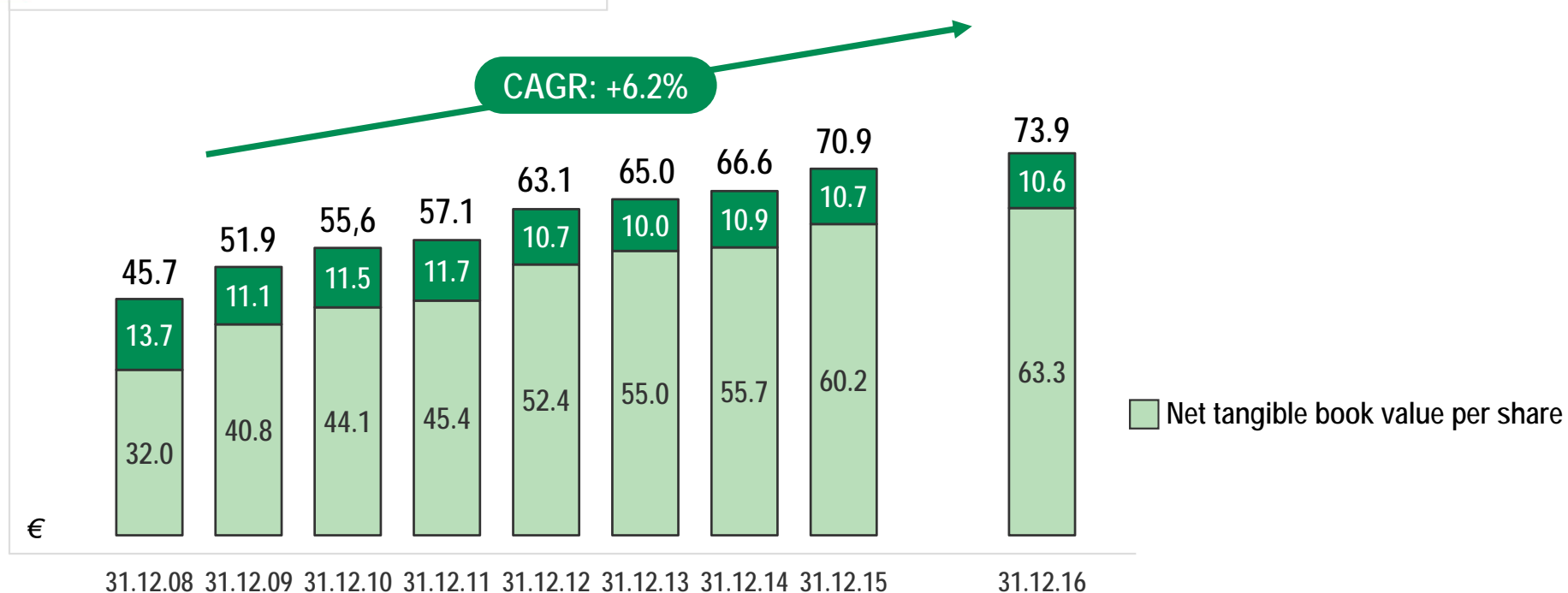
**Solid capital generation**  
**Continued increase of the fully loaded Basel 3 CET1 ratio**

\* CRD4 "2019 fully loaded"; \*\* CRD4 "2019 fully loaded", calculated according to the delegated act of the EC dated 10.10.2014 on total Tier 1 Capital and using value date for securities transactions;  
 \*\*\* Liquid market assets or eligible to central banks (counterbalancing capacity) taking into account prudential standards, notably US standards, minus intra-day payment system needs



# Net Book Value per Share

## > Net book value per share



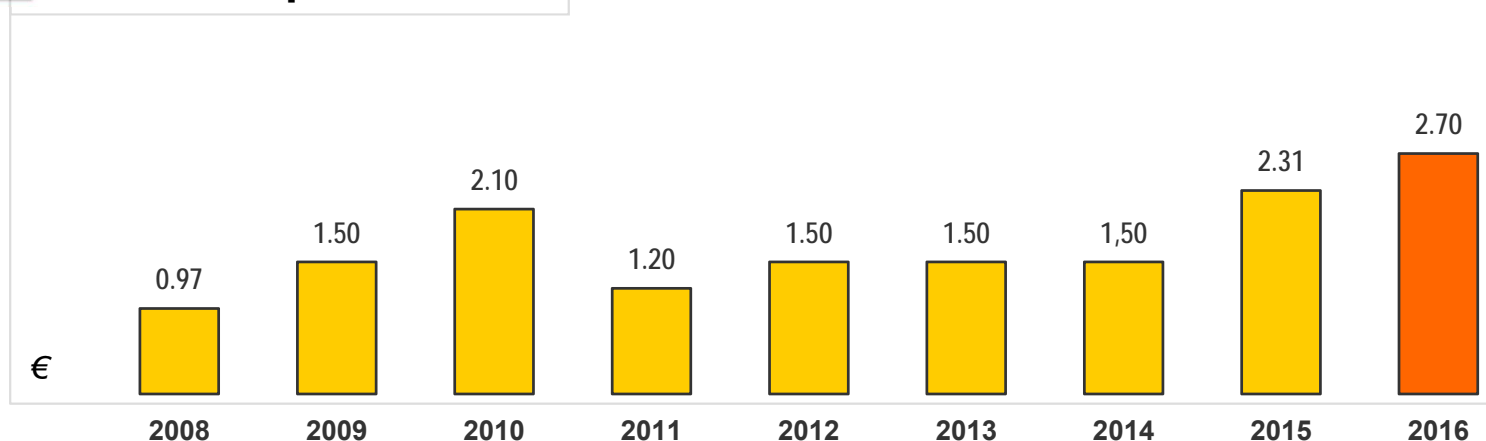
**Continued growth in the net book value per share throughout the cycle**



# Dividend

- Dividend\*: €2.70 per share (+16.9% vs. 2015)
  - Paid in cash
  - Dividend yield: 4.6%\*\*
- Implying a pay-out ratio of 45%

## > Dividend per share



**2016 dividend: €2.70 per share**

\* Subject to approval at the Shareholders' Meeting on 23 May 2017, shares will go ex-dividend on 30 May 2017, payment on 1<sup>st</sup> June 2017; \*\* Based on the closing price on 31 January 2017 (€59.18)



# Remediation Plan and Reinforcement of Control Procedures

- Implementation of the remediation plan agreed as part of the comprehensive settlement with the U.S. authorities in line with the timetable defined
  - 72% of projects already finalised, as planned (34 projects out of 47 already finalised)
- Reinforcement of compliance and control procedures
  - Increase staffing of the Compliance function (>3,400 people as at 31.12.16) and General Inspection (>1,200 people as at 31.12.16)
  - Increase in the number of controls performed by the General Inspection: completion in July 2016 of the 1<sup>st</sup> round of audits of the entities whose USD flows are centralised at BNP Paribas New York and beginning of the 2<sup>nd</sup> round of audits (achievement target: December 2017)
  - Bolster operational implementation of a stronger culture of compliance: three compulsory e-learning training programmes (Code of Conduct, Sanctions and Embargos, Combating Money Laundering and Terrorism) completed by more than 90% of the employees of the Group
  - Reinforcement and harmonisation of mandatory periodic client portfolio review procedures (Know Your Customer)
  - New tool to filter transactions now operational throughout the entire Group



**Active implementation throughout the Group  
of the remediation plan and the reinforcement of internal control**



Group Results

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**Division Results**

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Success of the 2014-2016 Business Development Plan

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2020 Business Development Plan

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4Q16 Detailed Results

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Appendix

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# Domestic Markets - 2016

- Growth in business activity

- Loans: +2.5% vs. 2015, good pick-up in demand
- Deposits: +6.4% vs. 2015, strong growth across all the networks
- Growth in Private Banking assets under management: +5.4% vs. 31.12.15
- Hello bank!: generating 9.8% of individual clients\* revenues (+1.1 pt. vs. 2015)



- Revenues\*\*: €15,715m (-0.5% vs. 2015)

- Persistently low interest rate environment
- Decline in financial fees due to an unfavourable market context this year
- Good performance of the specialised businesses and BRB

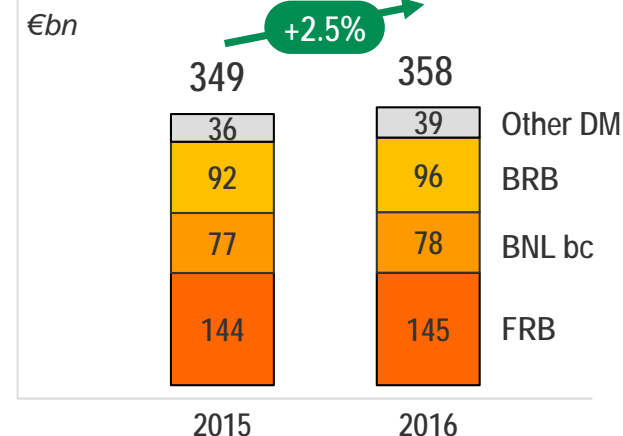
- Operating expenses\*\*: €10,629m (+2.3% vs. 2015)

- +1.2% excluding exceptional items\*\*\*
- Driven by the growing business lines (Arval, Leasing Solutions)
- Effects of the cost saving measures but rise in banking taxes and contributions

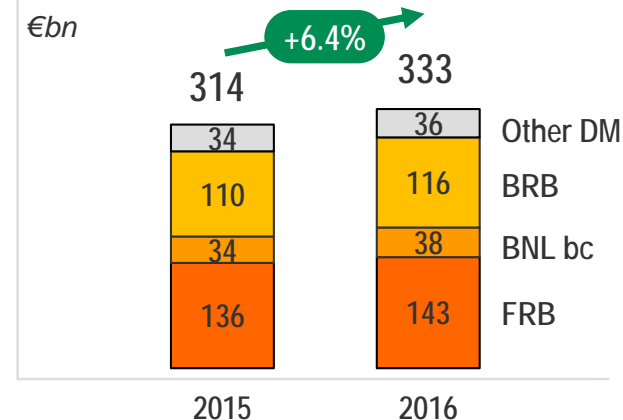
- Pre-tax income\*\*\*\*: €3,382m (+1.4% vs. 2015)

- Reduction of the cost of risk, in particular in Italy

## > Loans



## > Deposits



**Continued decrease in the cost of risk**  
**Rise in income**

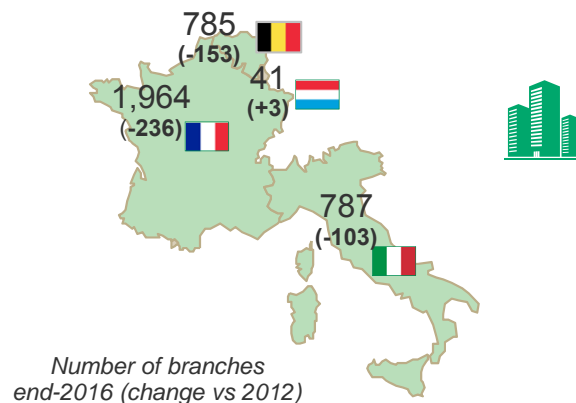
\* FRB, BNL, BRB and Personal Investors, excluding private banking; \*\* Including 100% of Private Banking, excluding PEL/CEL; \*\*\* Restructuring costs of BNL bc (-€50m) & of BRB (-€80m) and additional contribution of BNL bc to the resolution process of 4 Italian banks (-€47m in 2016, -€65m in 2015); \*\*\*\* Including 2/3 of Private Banking, excluding PEL/CEL



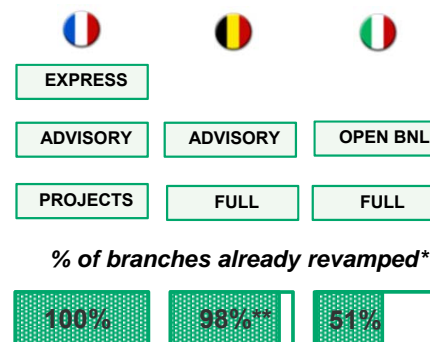


# Domestic Markets - Continued Transformation of the Networks and Development of the Digital Offering

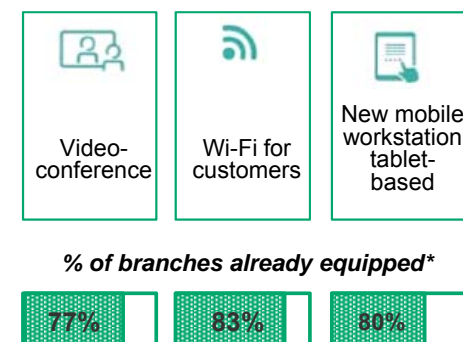
## > Ongoing footprint optimisation



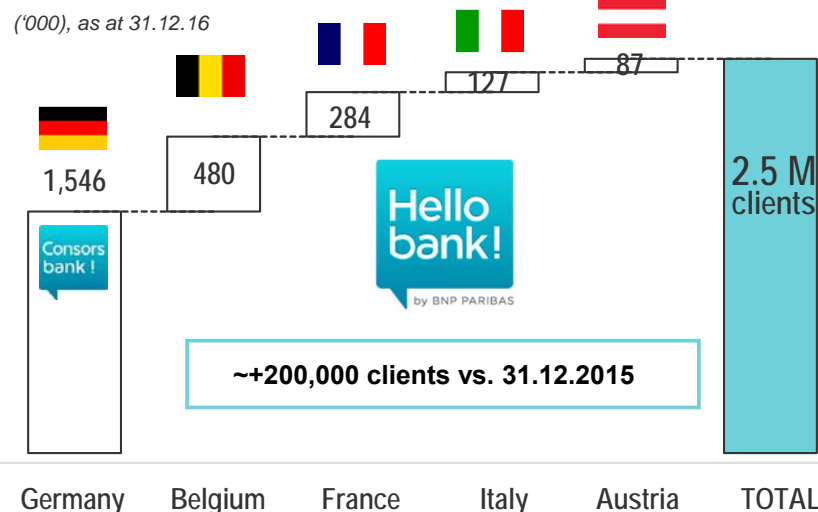
## > New branch formats



## > Digitalised branches

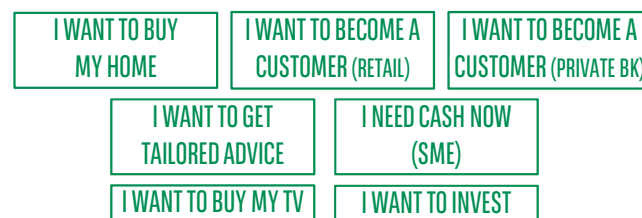


## > Number of Hello bank! clients



## > Progressive implementation of customer journeys

### INDIVIDUAL AND PRIVATE BANKING CUSTOMERS



### CORPORATE CUSTOMERS



## > Development of new digitalised services



Launch jointly with Crédit Mutuel\*\*\* of a single universal mobile payment solution combining payment, loyalty programmes and discount offers in partnership in particular with Carrefour, Auchan and Total

\* As at 31.12.16 ; \*\* % of targeted branches; \*\*\* CM11-CIC



# Domestic Markets

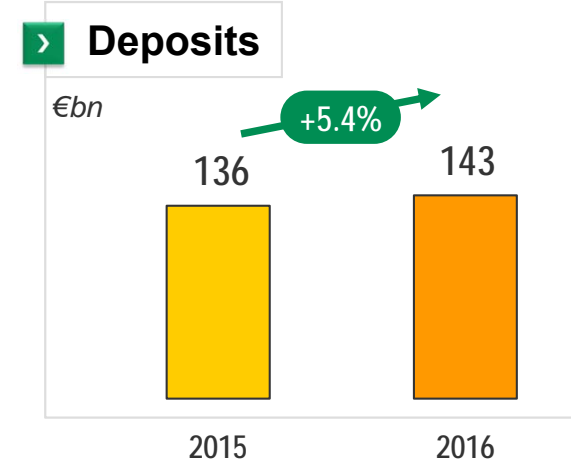
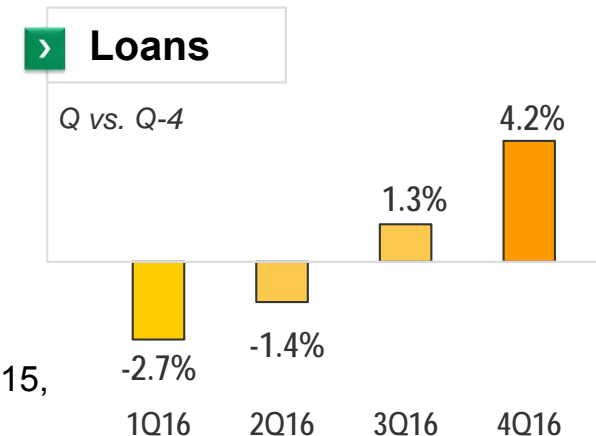
## French Retail Banking - 2016

- Good pick-up in business activity during the year
  - Loans: +0.3% vs. 2015, impact of early repayments but good pick-up in outstandings in the 2<sup>nd</sup> half of the year (+4.2% vs. 4Q15, rise in individual and corporate loans)
  - Deposits: +5.4% vs. 2015, strong growth in current accounts
  - Off balance sheet savings: good performance of life insurance (+2.6% vs. 31.12.15)
  - Private Banking: good growth of assets under management (+5.6% vs. 31.12.15, o.w +3.3% due to strong inflows: +€2.8bn)
- Implementation of new customer journeys:
- Revenues\*: -3.0% vs. 2015
  - Net interest income: -3.4%, persistently low interest rate environment
  - Fees: -2.4% (-1.4% excluding non recurring item), decline in financial fees due to an unfavourable market environment but good recovery in 4Q (+4.6% vs. 4Q15\*\*)
- Operating expenses\*: +0.7% vs. 2015
  - Cost containment despite a rise in taxes and regulatory costs
- Pre-tax income\*\*\*: €1,251m (-14.2% vs. 2015)

BuyMyHome  
by BNP Paribas



Home purchase projects  
Loan simulation



**Lacklustre environment this year and impact of low interest rates**  
**Good pick-up in the sales and marketing drive**

\* Including 100% of French Private Banking, excluding PEL/CEL effects; \*\* Excluding non recurring item; \*\*\* Including 2/3 of French Private Banking, excluding PEL/CEL effects



# Domestic Markets

## BNL banca commerciale - 2016

- Improving business activity

- Loans: +0.5% vs. 2015, gradual recovery of volumes, in particular on individual clients
- Deposits : +12.6% vs. 2015, sharp rise in current accounts
- Off balance sheet savings: good performance (life insurance outstandings: +9.8% vs. 31.12.15, mutual fund outstandings: +7.2% vs. 31.12.15)
- Continued expansion of Private Banking: €1.2bn in net asset inflows

- Implementation of new customer journeys:

**#DIGIBIZ** *First 100% digital offer for SMEs in Italy (initiating contact, applying for a loan,...)*

- Revenues\*: -5.7% vs. 2015

- Net interest income: -7.1% vs. 2015, impact of the low interest rate environment and of the residual effect of the repositioning on the better corporate clients completed in 2016
- Fees: -2.9% vs. 2015, reduction in financial fees due to an unfavourable market environment

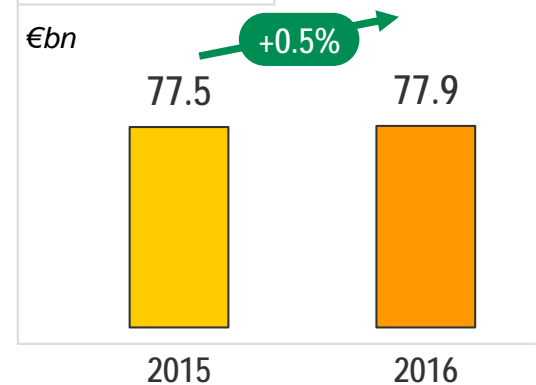
- Operating expenses\*: -0.9% vs. 2015

- -1.7% vs. 2015 excluding the impact of exceptional items\*\*
- Effects of cost reduction measures

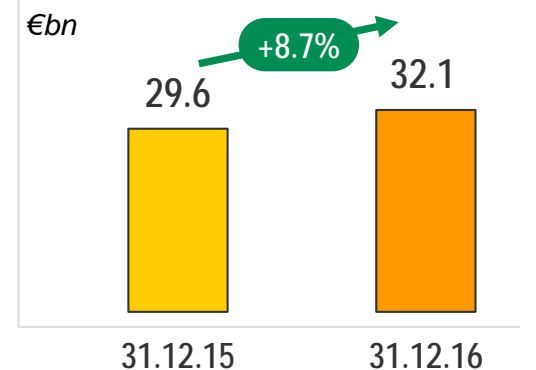
- Pre-tax income\*\*\*: €90m (+€134m vs. 2015)

- Continued decrease in the cost of risk

### > Loans



### > Off balance sheet savings (Life insurance and mutual fund outstandings)



**Significant income improvement  
due to the decline of the cost of risk**

\* Including 100% of Italian Private Banking; \*\* Additional contribution to the resolution process of 4 Italian banks: -€47m (-€65m in 2015) & one-off transformation costs: -€50m (-€20m in 2015); \*\*\* Including 2/3 of Italian Private Banking



# Domestic Markets

## Belgian Retail Banking - 2016

- Sustained business activity

- Loans: +4.7% vs. 2015, growth in loans to individual customers especially mortgage loans; good increase in loans to SMEs
- Deposits: +5.8% vs. 2015, strong growth in current accounts
- Development of digital banking: ~1 million users of the Easy Banking App and ~2.4 million of Easy Banking Web; release of new functions in 2016 (peer-to-peer payments, etc.)

- Implementation of new customer journeys:

Home on the Spot  
BNP Paribas Fortis



Loan simulation and  
tools to assist home  
purchase projects

- Revenues\*: +3.1% vs. 2015

- Net interest income: +5.9% vs. 2015, due to volume growth and margins holding up well
- Fees: -4.8% vs. 2015, decrease in financial fees due to an unfavourable market context

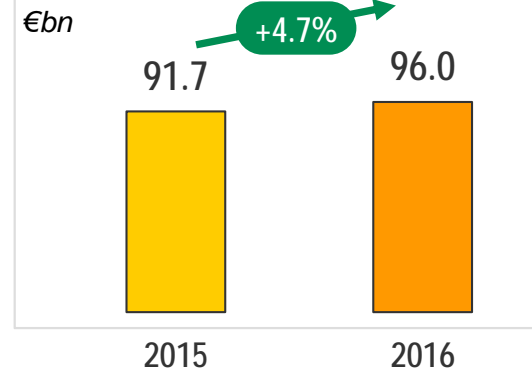
- Operating expenses\*: +4.9% vs. 2015

- +0.9% vs. 2015 excluding exceptional items\*\* and the evolution in banking taxes\*\*\*
- Good cost containment

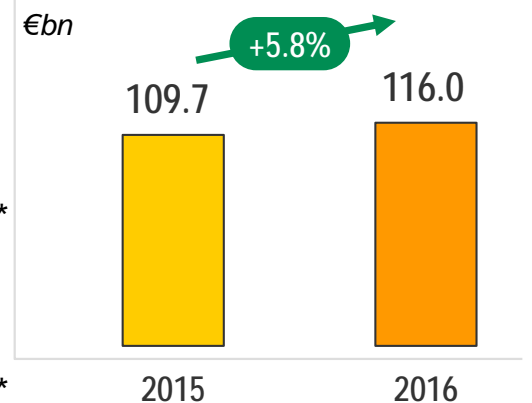
- Pre-tax income\*\*\*\*: €918m (-1.1% vs. 2015)

- +8.0% vs. 2015 excluding exceptional items\*\* and the evolution in banking taxes\*\*\*

### > Loans



### > Deposits



**Good results and sustained sales  
and marketing drive**

\* Including 100% of Belgian Private Banking; \*\* In particular transformation costs (-€80m in 4Q16) and partial write-back of a provision for charges (+€30m);

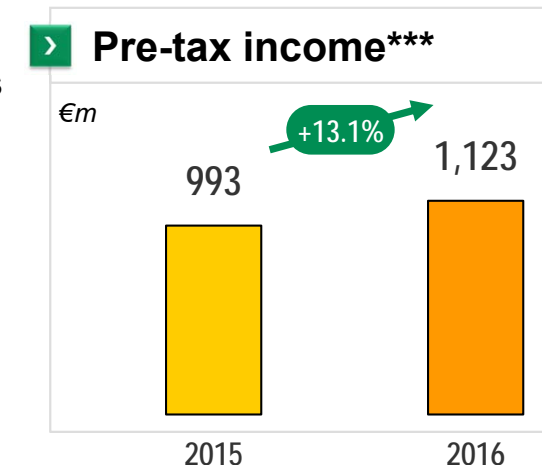
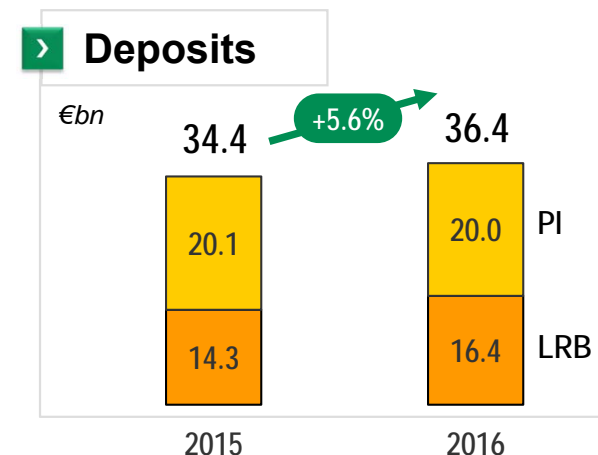
\*\*\* In particular -€21m related to the the new tax on credit institutions and one-off reimbursement of the Subscription Tax in 2015 (+€18m); \*\*\*\* Including 2/3 of Belgian Private Banking



# Domestic Markets

## Other Activities - 2016

- Good overall drive of the specialised businesses
  - Arval: over 1 million financed vehicles (+10.1%\* vs. 2015), active implementation of the GE Fleet Services Europe integration plan
  - Leasing Solutions: continuous rise in outstandings of the core portfolio
  - Personal Investors (PI): good level of new client acquisition
- Luxembourg Retail Banking: good deposit inflows, growth in mortgage loans
- Revenues\*\*: +7.3% vs. 2015
  - Effect in particular of the acquisition of GE Fleet Services Europe
  - +3.3% at constant scope and exchange rates: growth across all business lines
- Operating expenses\*\*: +7.3% vs. 2015
  - +1.9% at constant scope and exchange rates
  - Effect of business development partly offset by the first cost synergies between DAB Bank and Consors bank! in Germany (PI)
- Pre-tax income\*\*\*: €1,123m (+13.1% vs. 2015)
  - +9.2% at constant scope and exchange rates
  - Decline in the cost of risk



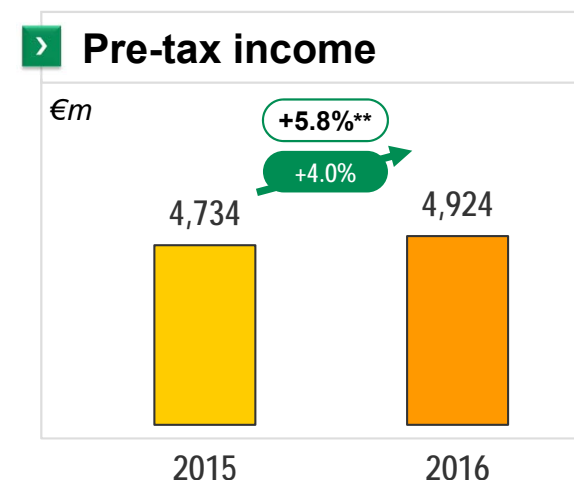
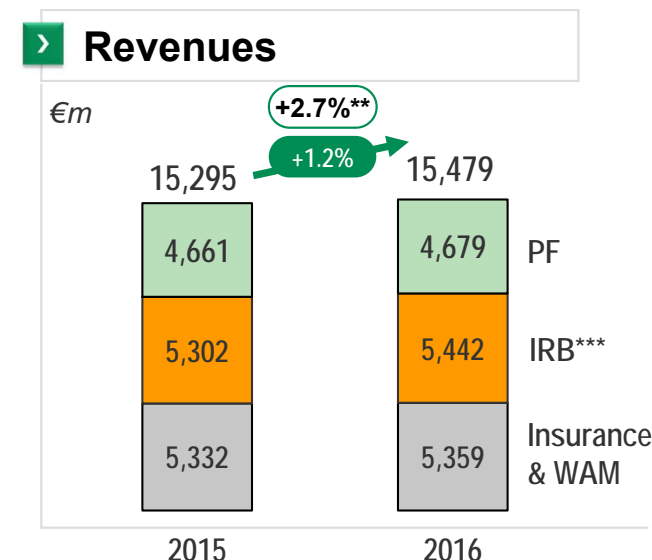
**Good business growth and strong rise in income**

*\*At constant scope; \*\* Including 100% of Private Banking in Luxembourg; \*\*\* Including 2/3 of Private Banking in Luxembourg*



# International Financial Services - 2016

- Business activity
  - Personal Finance: very good sales and marketing drive
  - International Retail Banking\*: good business growth
  - Insurance & WAM: good asset inflows in all business lines (+€34.9bn)
- Revenues: €15,479m; +1.2% vs. 2015
  - +2.7% at constant scope and exchange rates
  - Growth in International Retail Banking, Insurance and Personal Finance, WAM held up well in a lacklustre environment in Europe
- Operating income: €4,439m; +4.7% vs. 2015
  - +5.8% at constant scope and exchange rates
  - Decrease in the cost of risk at Personal Finance
- Pre-tax income: €4,924m; +4.0% vs. 2015
  - +5.8% at constant scope and exchange rates



**Good sales and marketing drive and rise in income**

\* Europe-Mediterranean and BancWest; \*\* At constant scope and exchange rates; \*\*\* Including 2/3 of Private Banking in Turkey and in the United States



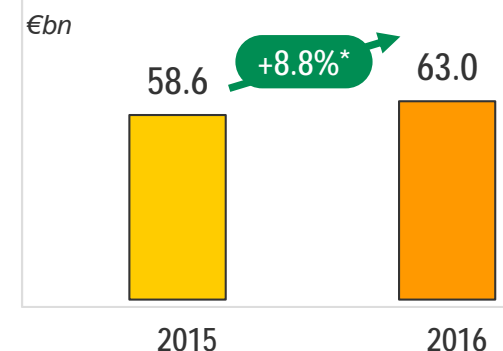
# International Financial Services

## Personal Finance - 2016

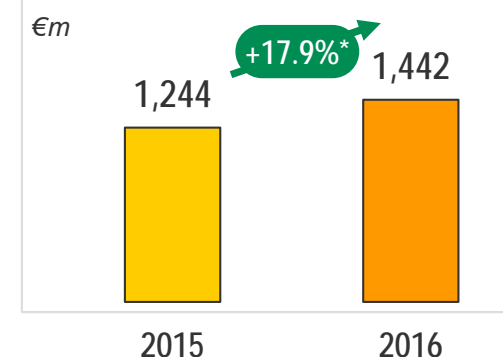


- Continued the very good sales and marketing drive
  - Outstanding loans: +8.8%\*, increase in demand in all countries and effect of new partnerships
  - Signed new partnership agreements in banking (Banco CTT in Portugal), retail (Eggo Kitchen House in Belgium, Bauhaus in Denmark, Ikea and Mr Bricolage in France) and telecoms (Yoigo in Spain)
  - Car loans: good growth in outstandings (+16.5%\*\* vs. 2015) and new commercial agreements (Volvo in Italy, Honda in France)
  - Files' digital processing: increase in the number of electronic signatures compared to 2015 (3.1m of files, ~+80%)
- Revenues: €4,679m (+0.4% vs. 2015, unfavourable foreign exchange effect)
  - +2.0% at constant scope and exchange rates: in connection with the rise in volumes and the positioning on products with a better risk profile
  - Good business drive in particular in Germany, Spain and Italy
- Operating expenses: €2,298m (-0.7% vs. 2015)
  - +1.0% at constant scope and exchange rates
  - Good cost containment: positive jaws effect of +1.1 pt
- Pre-tax income: €1,442m (+15.9% vs. 2015)
  - +17.9% at constant scope and exchange rates
  - Significant decline in the cost of risk

### > Consolidated outstandings



### > Pre-tax income



**Good business growth and sharp rise in income**



\* At constant scope and exchange rates; \*\* Outstandings at the end of the period, at historical scope and constant exchange rates





# International Financial Services Europe-Mediterranean - 2016

- Good business growth

- Deposits: +9.8%\* vs. 2015, good growth in all countries
- Loans: +5.5%\* vs. 2015, up in all regions
- Digital banking:  has 350,000 clients in Turkey and  has 203,000 clients in Poland
- Good growth of cross-selling in consumer lending in Poland (outstanding loans: +10.2%\* vs. 2015)

- Revenues\*\*: 6.0%\* vs. 2015

- As a result of higher volumes

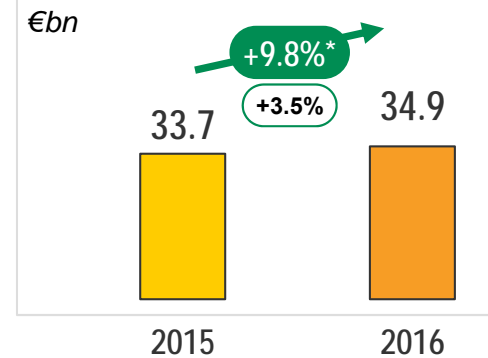
- Operating expenses\*\*: +4.6%\* vs. 2015

- +3.7%\* excluding the rise in banking tax and contributions in Poland \*\*\*
- Good control of expenses and effect of cost synergies in Poland (streamlining of the network: -78 agencies vs. 2015)

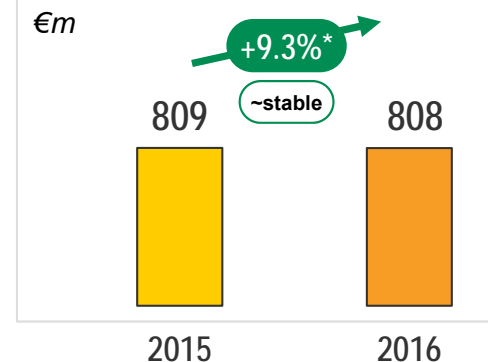
- Pre-tax income\*\*\*\*: €566m (+19.9%\* vs. 2015)

- Rise in the contribution from associated companies

## > Deposits



## > GOI\*\*



## Good business and income growth

\* At constant scope and exchange rates; \*\* Including 100% of Turkish Private Banking; \*\*\* Introduction of a banking tax in 2016 (-€44m); one-off contribution to the deposit guarantee fund & to the support fund for borrowers in 2015 (-€31m); \*\*\*\* Including 2/3 of Turkish Private Banking

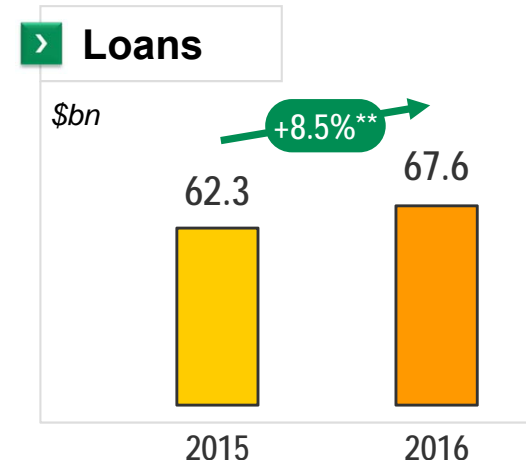
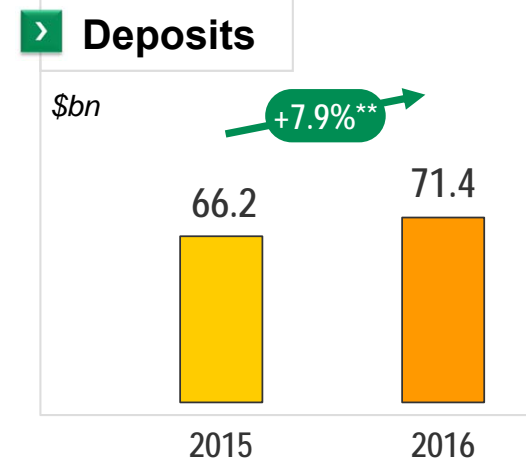




# International Financial Services

## BancWest - 2016

- Passed the CCAR
- Success of the IPO of First Hawaiian Bank (FHB)
  - 17.4% of the capital placed in the market in August 2016 (full consolidation of the entity maintained)
- Very good business drive
  - Deposits: +7.9%\* vs. 2015, strong rise in savings and current accounts
  - Loans: +8.5%\* vs. 2015, sustained growth in individual and corporate loans
  - Private Banking: +19%\* increase in assets under management vs. 31.12.15 (\$12.1bn as at 31.12.16)
- Revenues\*\*: +5.5%\* vs. 2015
  - Effect of increased volumes partially offset by lower interest rates in the United States on the whole 2016 compared to 2015
- Operating expenses\*\*: +8.5%\* vs. 2015
  - +6.9% excluding the increase in regulatory costs\*\*\* and non recurring elements\*\*\*\*
  - Strengthening of the commercial set up
- Pre-tax income\*\*\*\*\*: €862m (-4.7%\* vs. 2015)



## Good sales and marketing performances

\* At constant scope and exchange rates; \*\* Including 100% of Private Banking in the United States; \*\*\* CCAR and Intermediate Holding Company; \*\*\*\* Costs linked to the IPO of First Hawaiian Bank & provision on IT project; \*\*\*\*\* Including 2/3 of Private Banking in the United States



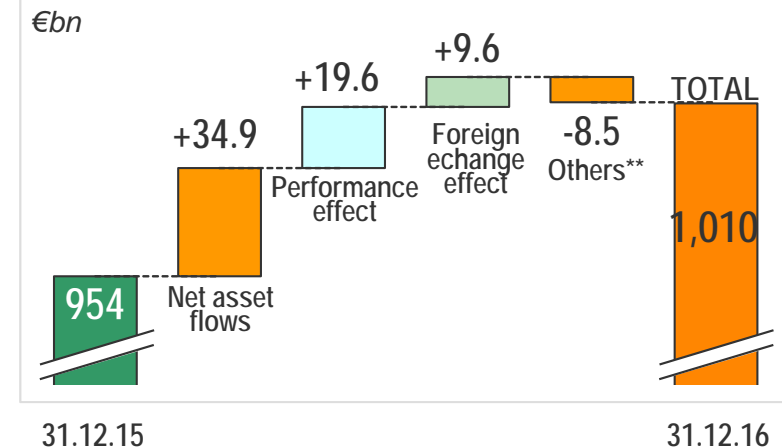
# International Financial Services

## Insurance and WAM - Asset Flows and AuM - 2016

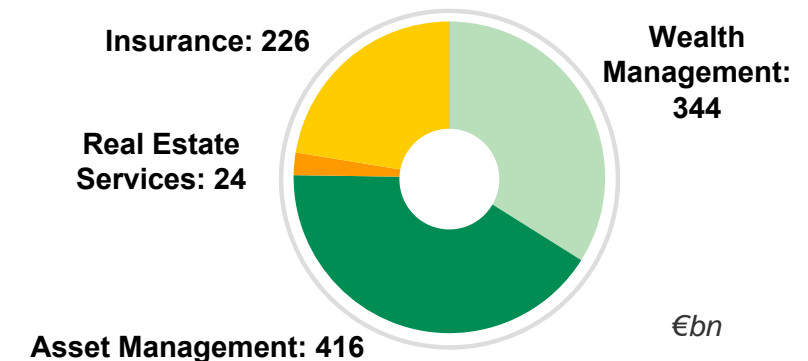
- Assets under management\*: €1,010bn as at 31.12.16
  - +5.8% vs. 31.12.15 (+€56bn vs. 2015)
  - Very good net asset inflows
  - Positive performance effect
- Net asset flows: +€34.9bn in 2016
  - Wealth Management: strong asset inflows, in particular in Asia, France, Italy and at BancWest
  - Asset Management: very good asset inflows, in particular into diversified and bond funds
  - Insurance: good asset inflows particularly in unit-linked policies
- Implementation of new customer journeys and digital banking
  - Wealth Management: new digital services  
**myAdvisory**: investments management & financial advice via smartphone; **myBioPass**: a unique key to access digital banking services
  - Insurance: 70 digital projects to transform services and improve performances; digital innovations in cooperation with FinTechs (Cardif Lab)



### > Assets under management\*



### > Assets under management\* as at 31.12.16



**Good asset inflows across all the business units**  
**Record level of assets under management: > €1,000bn**

\* Including distributed assets; \*\* Sale of Insigner de Beaufort in 4Q16 (-€9bn)

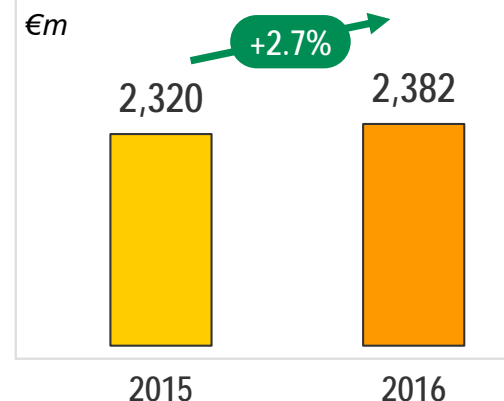


# International Financial Services Insurance and WAM - 2016

## > Insurance

- Revenues: €2,382m; +2.7% vs. 2015
  - Increase in protection insurance revenues in Europe and in Latin America
- Operating expenses: €1,201m; +3.8% vs. 2015
  - As a result of business development and higher regulatory costs
- Pre-tax income: €1,369m; +3.0% vs. 2015
  - Good performance of associated companies

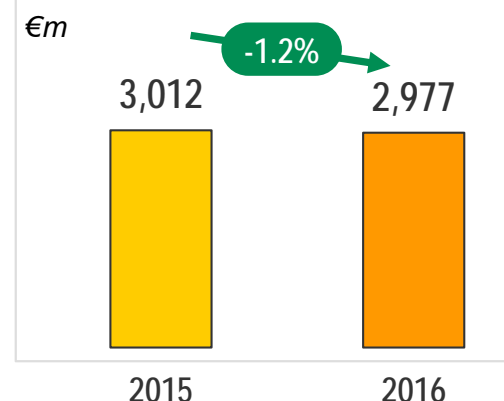
## > Revenues (Insurance)



## > Wealth and Asset management\*

- Revenues: €2,977m; -1.2% vs. 2015
  - Good overall resistance in a lacklustre context this year
- Operating expenses: €2,341m; +1.4% vs. 2015
  - As a result in particular of Wealth Management's business development
- Pre-tax income: €685m; -5.4% vs. 2015

## > Revenues (WAM\*)



**Insurance: income increase**  
**WAM: resistance in a lacklustre context**

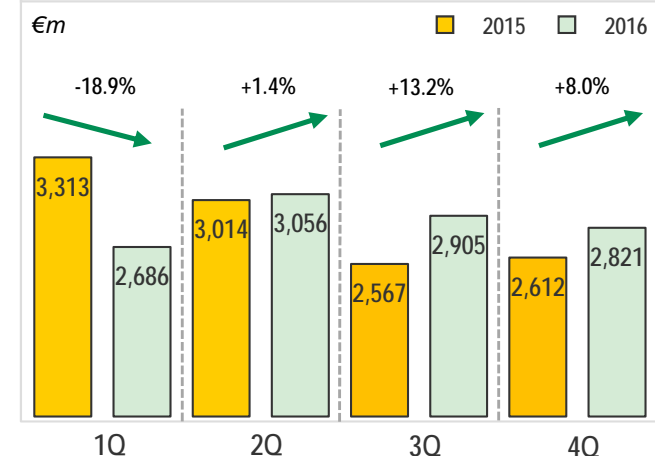
*\* Asset Management, Wealth Management, Real Estate Services*



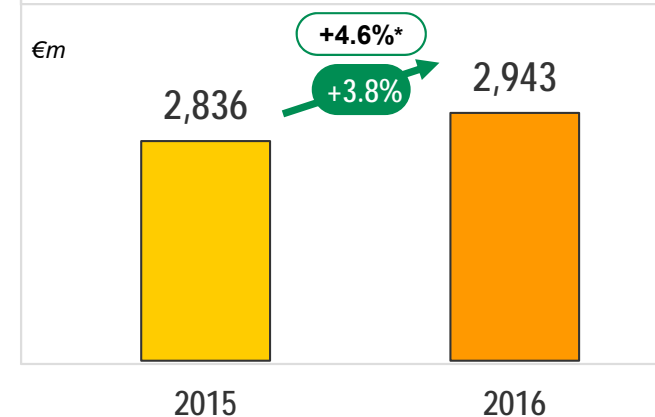
# Corporate and Institutional Banking - 2016 Summary

- Active implementation of the transformation plan
  - On track with the defined timetable
  - Transformation initiatives and cost saving measures launched in all regions
- Revenues: €11,469m (-0.3% vs. 2015)
  - +1.2% at constant scope and exchange rates: good pick-up of the business after a very challenging market context in Europe in 1Q16
  - Increase in all the business units: Global Markets (+1.6%\*), Securities Services (+2.2%\*) and Corporate Banking (+0.3%\*)
- Operating expenses: €8,309m (-1.8% vs. 2015)
  - Stable at constant scope and exchange rates (positive jaws effect: +1.1 pt)
  - Effect of the cost saving measures (~€350m vs. 2015) but rise in banking taxes and regulatory costs
- Pre-tax income: €2,962m (-1.2% vs. 2015)
  - +3.4% at constant scope and exchange rates
  - 2015 reminder: one-off capital gain from the sale of a non-strategic equity investment (€74m)

## > 2016 revenues: quarterly evolution



## > Operating income



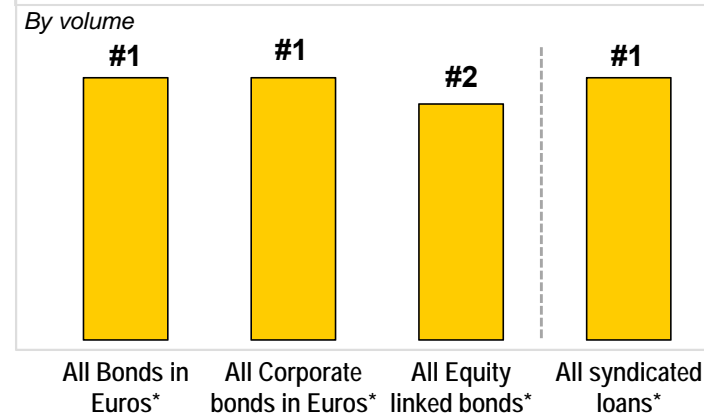
> **Solid business growth after a particularly challenging environment in the 1<sup>st</sup> quarter**



# Corporate and Institutional Banking - 2016 Business Activity

- Global Markets: significant pick-up in the 2<sup>nd</sup> half of the year
  - Good pick-up of the business after a particularly challenging market environment at the beginning of the year
  - Sustained commercial performances and market share gains
  - Bond issues: ranked #1 for all bonds issued in euros and #9 for all international bonds\*
  - VaR down at a very low level (€34m on average)
- Securities Services: good business growth
  - Assets under custody: +1.4% vs. 2015\*\*
  - Number of transactions: +16.0% vs. 2015
  - Sustainable development: Best Provider of ESG Investor Services\*\*\*
- Corporate Banking: stronger positions
  - Growth in client loans (€129.4bn, +4.3% vs. 2015\*\*)
  - Robust growth of deposits (€117.2bn, +22.8% vs. 2015\*\*) as a result of good business development in cash management
  - Ranked #1 for syndicated loans in Europe\*
  - New clients acquisition and development of transaction banking (trade finance, etc.)

## 2016 European rankings



**IFR**  
AWARDS  
2016

- Equity Derivatives House of the Year
- Euro Bond House of the Year
- EMEA Loan House of the Year
- EMEA Structured Equity House of the Year
- Europe Investment-Grade Corporate Bond House of the Year

**EUROMONEY**  
CASH MANAGEMENT  
2016

- No. 4 Global Cash Management
- Best Bank for Transaction Services in Western Europe

**GREENWICH ASSOCIATES**  
Share Leader

- No. 1 European Large Corporate Trade Finance



## Growth of the business lines in their markets

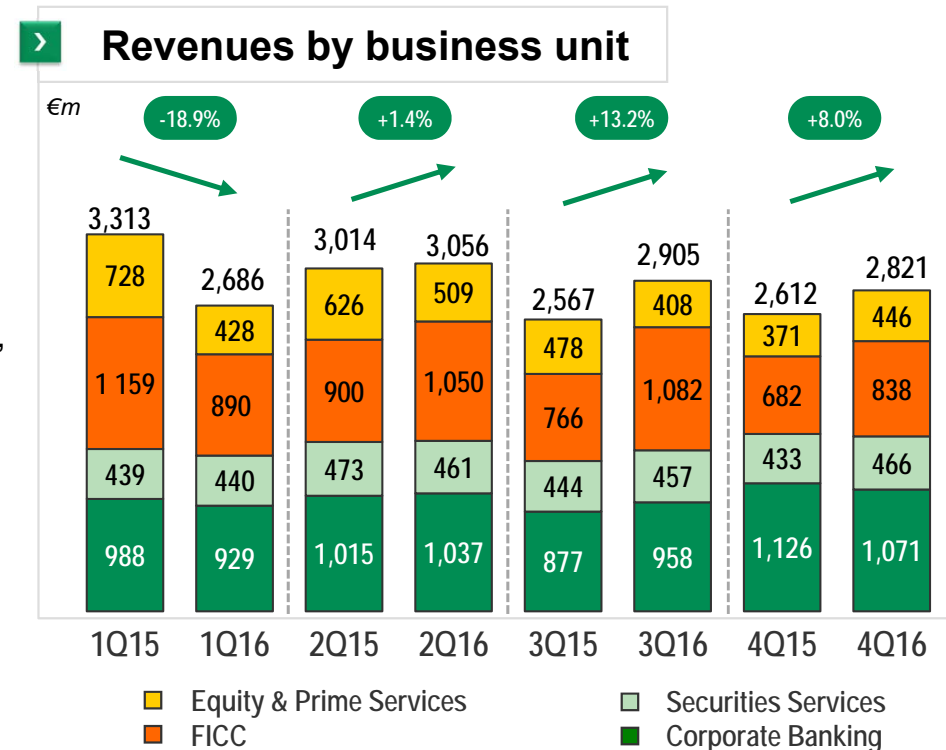
\* Source: Dealogic 2016 in volume; \*\* Average outstandings; \*\*\* Global Custodian, Industry Leaders Awards 2016 - Environment, Social & Governance



# Corporate and Institutional Banking - 2016

## Revenues by Business Unit

- **Global Markets: €5,650m (-1.1% vs. 2015)**
  - +1.6% at constant scope and exchange rates
  - FICC: €3,860m (+10.0% vs. 2015), good recovery after a particularly challenging context in 1Q; good performance in rates and credit
  - Equity & Prime Services: €1,791m (-18.7% vs. 2015), less favourable environment and high 2015 comparison basis (reminder 2015 revenues: +23.6% vs. 2014)
  - Good performance of Global Markets in 4Q16 (+21.9% vs. 4Q15)
- **Securities Services: €1,824m (+1.9% vs. 2015)**
  - +2.2% at constant scope and exchange rates
  - In connection notably with the rise in outstandings
- **Corporate Banking: €3,994m (-0.3% vs. 2015)**
  - +0.3% at constant scope and exchange rates: good pick-up in business after a lacklustre environment in the 1<sup>st</sup> quarter of the year
  - Maintained a good level in Europe and in Asia Pacific, rise in the Americas



**Good pick-up in revenues after a very challenging context at the beginning of the year**



Group Results

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Division Results

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**Success of the 2014-2016 Business  
Development Plan**

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2020 Business Development Plan

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4Q16 Detailed Results

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Appendix

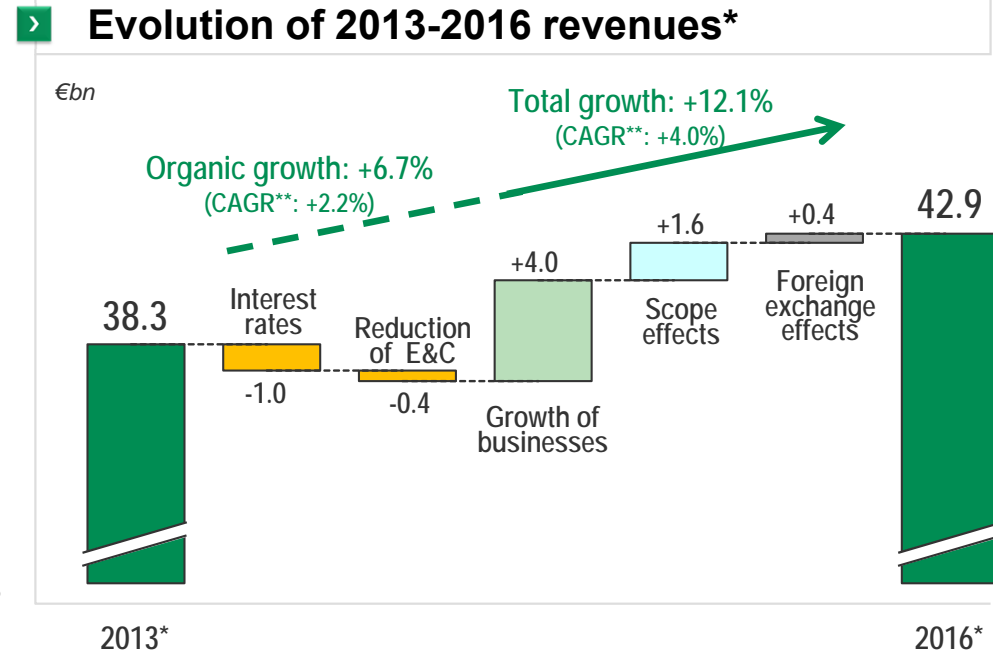
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# Success of the 2014-2016 Plan

## Good Revenue Growth

- Revenue growth\*: +12.1% vs. 2013  
(2013-2016 CAGR\*\*: +4.0%)
  - Despite a more lacklustre macroeconomic context than expected
- Sustained organic growth\*: +6.7% vs. 2013  
(2013-2016 CAGR\*\*: +2.2%)
  - Good development of the businesses and success of the regional plans
  - Despite the negative impact of low interest rates, in particular on Domestic Markets
  - Impact of the significant reduction of the Energy & Commodities (E&C) business at CIB
- Positive contribution of targeted acquisitions
  - Use of available capital resources while keeping a limited growth of RWA during the period (CAGR\*\*: +0.7% vs  $\geq +3\%$  expected)
  - Development of the specialised businesses and retail banking outside the Eurozone: acquisition of DAB Bank (Consors bank!), GE Fleet Services Europe (Arval), 50% of LaSer (Personal Finance) and Bank BGZ (Poland)
  - Acquisitions that generate synergies



**Good revenue growth despite a lacklustre environment**

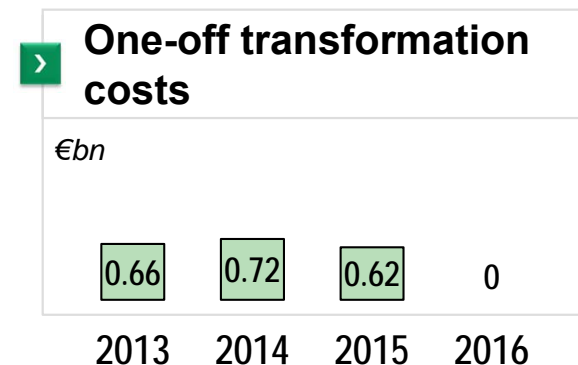
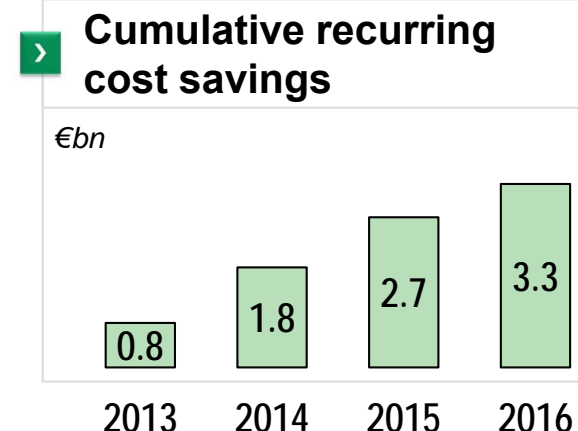
\* Excluding exceptional elements (+€147m in 2013, +€538m in 2016); \*\* Compounded annual growth rate





# Simple & Efficient

- Finalisation in 2016 of all the projects in line with the plan
  - 1,386 programmes including 2,699 projects completed since 2013
- Cost savings: €3,313m realised since the launch of the plan
  - Of which €575m booked in 2016
  - Reminder: cost savings target raised from €2.8bn to €3.3bn (2013-2016)
- Breakdown of cost savings by division since 2013
  - Domestic Markets (45%), IFS (26%) and CIB (29%)
- Reminder: no Simple & Efficient transformation costs in 2016

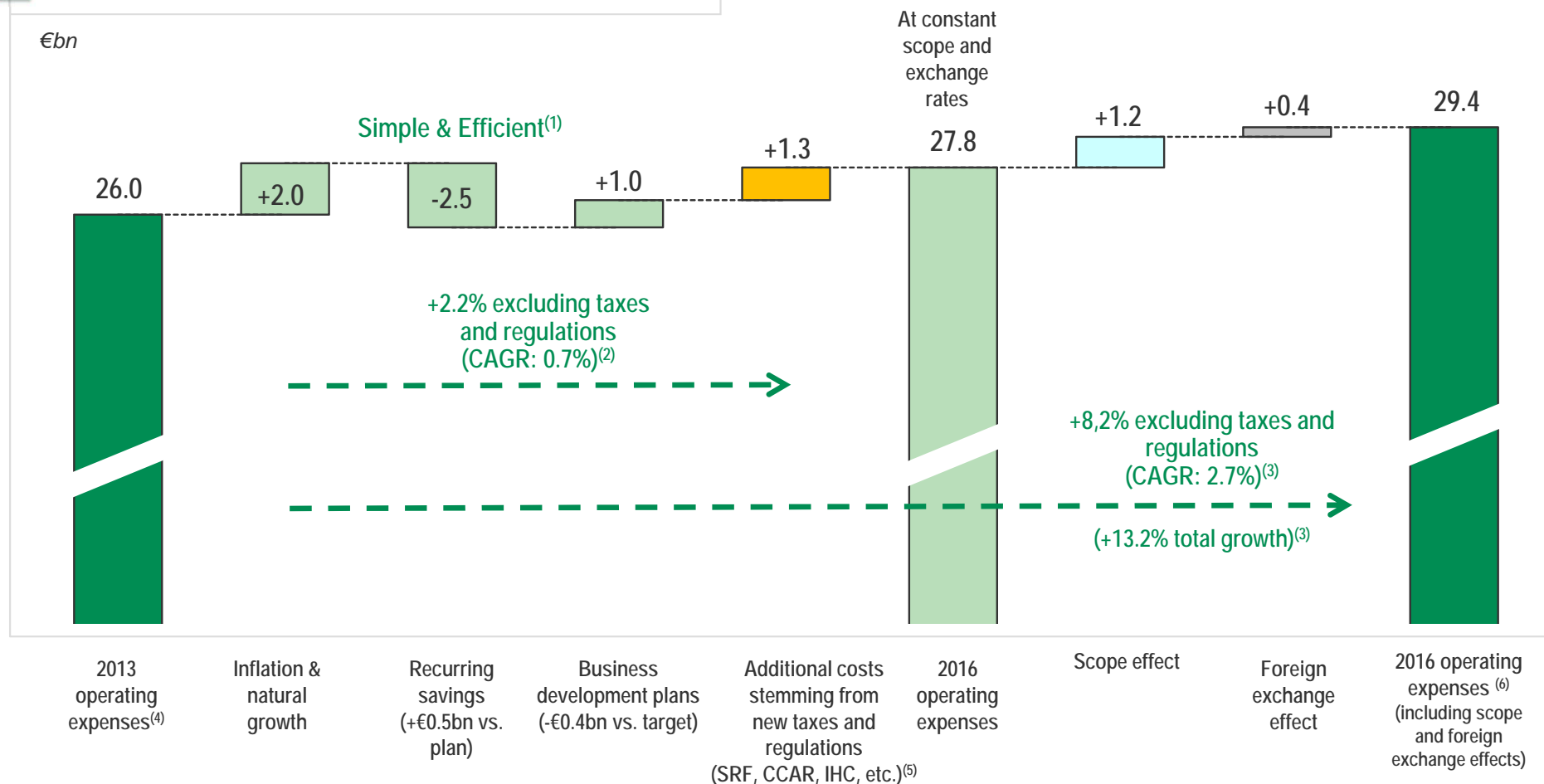


**Success of the Simple & Efficient plan**  
**Cost savings largely above the initial target**



# Success of the 2014-2016 Plan: Cost Containment but Impact of New Taxes and Regulations

## 2013 - 2016 Operating expenses



## Positive jaws effect excluding new taxes and regulations

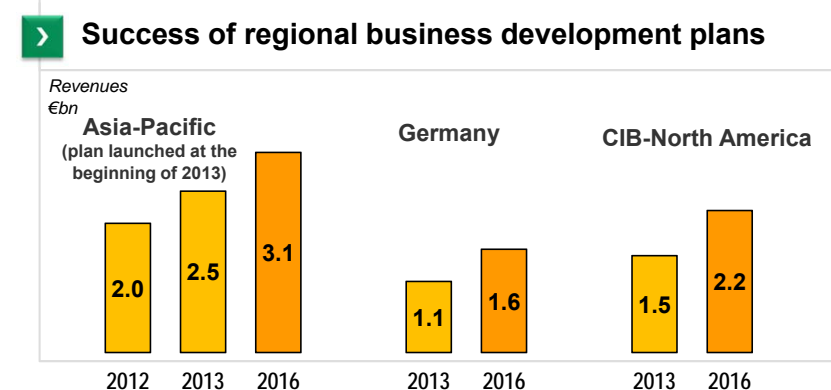
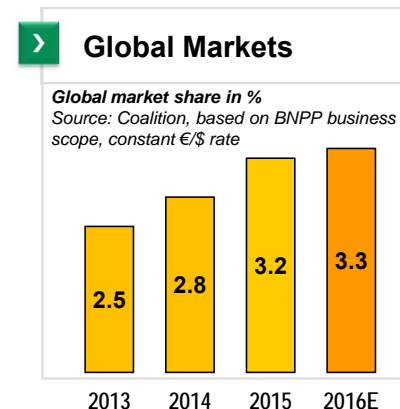
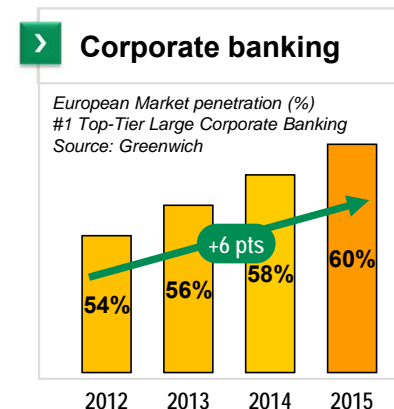
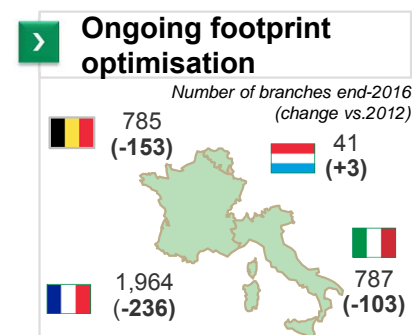
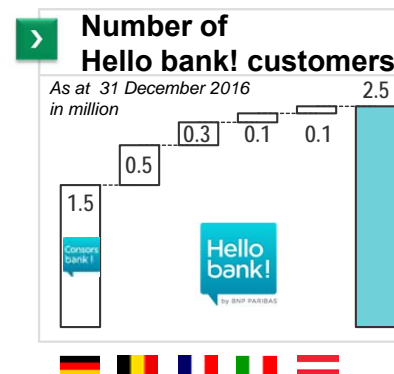
<sup>(1)</sup> Reminder: €800m in savings in 2013; <sup>(2)</sup> 2013-2016, at constant scope and exchange rates; <sup>(3)</sup> 2013-2016, at historical scope and exchange rates; <sup>(4)</sup> Including Simple & Efficient costs: €660m; <sup>(5)</sup> Resolution funds (€508m), Poland/Belgium (€124m); CCAR and IHC (€238m), Compliance (€235m), other taxes and regulations (€248m); <sup>(6)</sup> Including the transformation costs of the business units, restructuring costs of the acquisitions and the contribution to the resolution process of 4 Italian banks: €749m



# Success of the 2014-2016 Plan

## Progress on all the Major Strategic Priorities

- Preparing the retail banking of the future
  - Launch of Hello bank! and development of digital banks at IRB
  - Continued adaptation of the branch network
  - Good development of Private Banking in all the networks
- Positions strengthened on corporate and institutional clients
  - Market share gains
  - Development of transaction banking
  - Tie-up between CIB and Securities Services
- Adaptation of the businesses to the new environments
  - BNL: refocus of the corporate commercial approach on the better clients completed and initial positive effects on the cost of risk
  - CIB: creation of Global Markets and market share gains
- Success of development initiatives
  - Success of regional business development plans (Asia-Pacific, Germany, CIB-North America)
  - Good growth of the specialised businesses (Personal Finance, Arval, leasing, insurance, etc)



# Success of the 2014-2016 Plan

## Financial Targets Achieved

|               |   |  | 2016 Target     | 2016 Achieved   |   |
|---------------|---|--|-----------------|---|---|
| Growth        | Organic growth of revenues              |  | ≥ +10% vs. 2013 | +12.1%<br>(including acquisitions) <sup>(1)</sup>         | ✓ |
| Efficiency    | Simple & Efficient costs savings target | €2.0bn in 2015<br>Initial Plan         | €2.8bn          | €3.3bn  | ✓ |
|               | Cost income ratio                       | 66% in 2013<br>excluding S&E costs     | -3 pts vs. 2013 | 66.8% <sup>(2)</sup><br>-2 pts excluding regulatory costs | ✗ |
| Profitability | ROE <sup>(3)</sup>                      | 7.8% in 2013                           | ≥ 10%           | 10.3%   | ✓ |
| Capital       | Fully loaded Basel 3 CET1 Ratio         | 10.3% <sup>(4)</sup> end 2013          | 10.0%           | 11.5%   | ✓ |
|               | Pay-out ratio                           | 2002-2007: 33-40%<br>2008-2012: 25-33% | ~45%            | 45% <sup>(5)</sup>  | ✓ |

- Strong net income growth: €7.7bn in 2016 vs. €4.8bn in 2013
  - Excluding exceptional elements: €7.8bn vs. €6.0bn (+29.1%)<sup>(6)</sup>
- Increase in earnings per share: €6.0 in 2016 vs. €3.68 in 2013
  - Excluding exceptional elements: €6.1 vs. €4.7 equivalent to +9.3% per year on average



### Strong income growth

<sup>(1)</sup> +6.7% excluding acquisitions; <sup>(2)</sup> Excluding exceptional elements; <sup>(3)</sup> Excluding exceptional elements, on the basis of CET1 ratio of 10%; <sup>(4)</sup> CRD4 (fully loaded); <sup>(5)</sup> Subject to approval at the Shareholders' Meeting; <sup>(6)</sup> Net impact of exceptional elements: -€0.1bn in 2016, -€1.2bn in 2013



# New Code of Conduct and Active Corporate Social Responsibility Policy (CSR)

- Elaboration of a new Code of Conduct
  - > 182,000 employees trained online
  - Additional programmes to support employees assimilate ethical rules (CIB Conduct Program, etc.)
- Actions that have a positive impact on society
  - Financing of socially responsible businesses: €890m\*
  - Origination of solidarity financing: structuring of the 1<sup>st</sup> French Social Impact Contract and of a Social Impact Bond for the State of Connecticut (United States)
  - Policies setting restrictions in the financing of some sectors (agriculture, tobacco)
  - €5m specifically earmarked to aid refugees
  - > 300,000 beneficiaries of microcredit loans made by microfinance organisations funded by the bank
- An active participation in the energy transition
  - Success of the inaugural issue of BNP Paribas “green bonds” (€500m)
  - Strict limitations of coal industry financing
  - €25bn in SRI outstandings\*\* (carbon free outstandings) in funds managed by Asset Management

## > New Code of Conduct

|                 |   |
|-----------------|---|
| <b>Mission</b>  | Finance the economy, advise our clients, support them in their projects with a deep commitment to ethical responsibility                                |
| <b>Values</b>   | 4 strengths: Sturdiness, Responsibility, Expertise, a “good place to work”<br>4 levers: Agility, Culture of compliance, Customer satisfaction, Openness |
| <b>Rules</b>    | Defined at the Group level and detailed in the businesses (clients’ interests, financial security, market integrity, ethics, etc.)                      |
| <b>Practice</b> | Training of employees<br>Use of a whistle-blower procedure<br>Encouragement to be exemplary   |

**European Leader in the Banking category according to Vigeo Eiris\*\*\***



**Ranks amongst the Global 100 Most Sustainable Corporations for the 3<sup>rd</sup> year in a row**



\* Outstandings as at end 2016; \*\* Socially Responsible Investments, outstandings as at the end of 2016; \*\*\* Extra-financial rating agency



Group Results

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Division Results

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Success of the 2014-2016 Business  
Development Plan

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**2020 Business Development Plan**

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4Q16 Detailed Results

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Appendix

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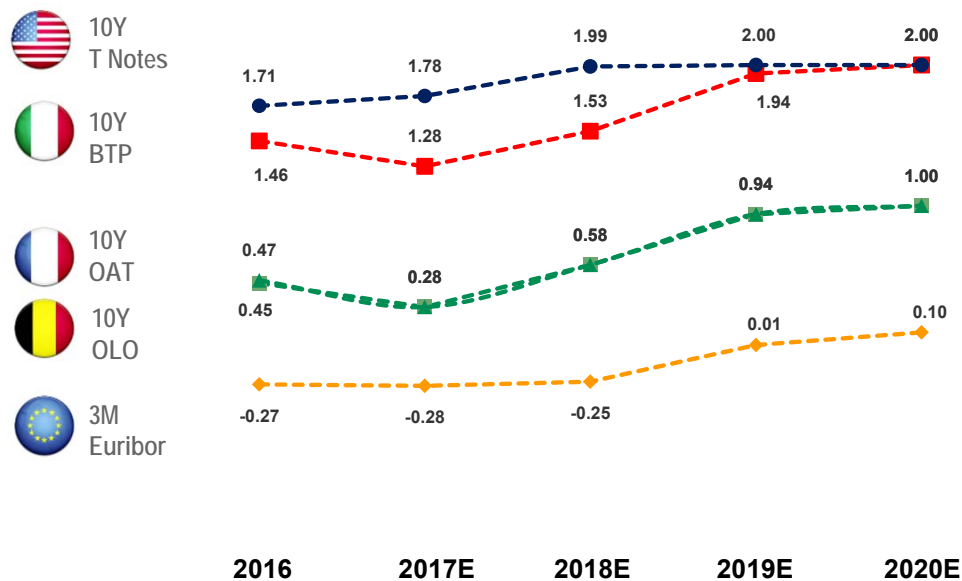
# 2020 Business Development Plan

## A Scenario Based on Conservative Assumptions

Conservative assumptions of a lacklustre macroeconomic environment

Gradual exit from the low interest rate environment

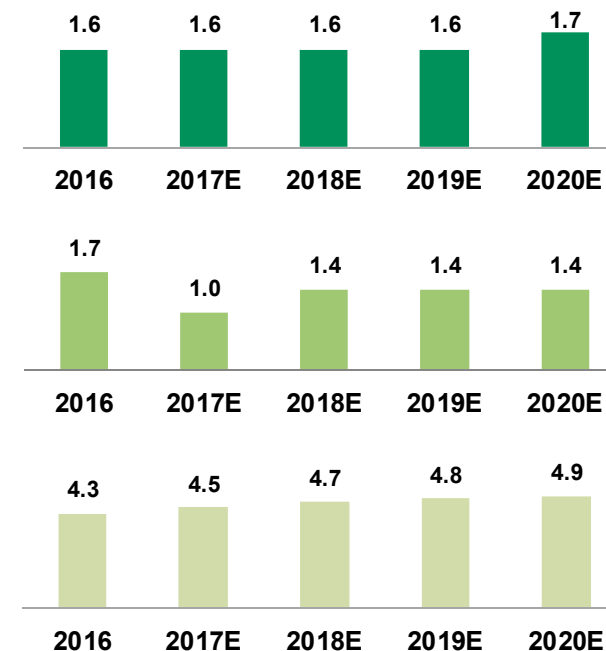
Moderate GDP growth



United States

EuroZone

Emerging Markets



A business development plan based on a scenario of moderate, gradual and differentiated economic recovery



# 2020 Business Development Plan: a Trajectory Based on Expected 2020 Regulatory Constraints

|  |   | 2016  | 2020 Target <sup>(2)</sup>   |
|--|---|---|--|
| <b>CET 1 ratio</b>                     | <ul style="list-style-type: none"> <li>■ CRD IV (Basel 3)</li> <li>■ 2016 SREP: anticipated level of fully loaded Basel 3 CET1 ratio of 10.25% in 2019<sup>(1)</sup></li> </ul>   | <b>11.5%</b><br>Fully loaded Basel 3 CET1 ratio   | <b>12%</b>   |
| <b>Total capital<br/>TLAC<br/>MREL</b> | <ul style="list-style-type: none"> <li>■ 2016 SREP: anticipated level of Total Capital requirement of 13.75% in 2019<sup>(3)</sup></li> <li>■ TLAC requirement: 20.5% in 2019<sup>(4)</sup></li> <li>■ MREL: thresholds to be determined on a case by case basis by the resolution authorities (SRB) according to the CRD V/CRR 2 (under discussion)</li> </ul> | <b>Total Capital (fully loaded)<br/>ratio: 14.2%</b> <ul style="list-style-type: none"> <li>• CET1 ratio: 11.5%</li> <li>• Tier 1 and Tier 2: 2.7%</li> </ul> | <b>Total Capital (fully loaded)<br/>ratio: 15%</b> <ul style="list-style-type: none"> <li>• CET1 ratio: 12%</li> <li>• Tier 1 and Tier 2: 3%</li> </ul> <b>TLAC ratio: 21%</b> |
| <b>Liquidity</b>                       | <ul style="list-style-type: none"> <li>■ LCR: CRD IV/CRR</li> <li>■ NSFR: CRD V/CRR 2 (under discussion)</li> </ul>   | <b>LCR: 123%</b>  | <b>LCR &gt; 100%</b><br><b>NSFR &gt; 100%</b>  |
| <b>Leverage</b>                        | <ul style="list-style-type: none"> <li>■ CRD IV (minimum level of 3%)</li> <li>■ Additional requirements for G-SIB still under discussion</li> </ul>  | <b>4.4%</b><br>Fully loaded Basel 3 leverage  | <b>4%</b>  |

**Regulatory constraints  
that continue to increase during the period<sup>(5)</sup>**

<sup>(1)</sup> Excluding Pillar 2 Guidance; <sup>(2)</sup> Assuming constant regulatory framework; <sup>(3)</sup> Anticipated level of Tier 1 requirement in 2019: 11.75%; <sup>(4)</sup> Minimum requirement raised to 22.5% as at 01/01/2022; <sup>(5)</sup> In the current Basel 3 regulatory framework





# An Ambitious Corporate Social Responsibility Policy (CSR)

## OUR ECONOMIC RESPONSIBILITY

Financing the economy in an ethical manner

## OUR SOCIAL RESPONSIBILITY

Developing and engaging our people responsibly

## OUR CIVIC RESPONSIBILITY

Being a positive agent for change

## OUR ENVIRONMENTAL RESPONSIBILITY

Combating climate change

### A corporate culture marked by ethical responsibility

- Ensure that all the employees of the Group have mastered the Code of Conduct rules
- Contribute to combating fraud, money laundering, bribery and the financing of terrorism
- Ensure that our activities and operations with our customers strictly comply with all applicable fiscal rules

### A positive impact for society through our financing and our philanthropic actions

- Contribute to achieving the U.N. Sustainable Development Targets through our loans to corporates and our range of investment products
- Rigorously anticipate and manage the potential impacts on the environment and human rights of our financings
- Continue our corporate sponsorship policy in the arts, solidarity and the environment and support the engagements of our employees in favour of solidarity

### A major role in the transition towards a low carbon economy

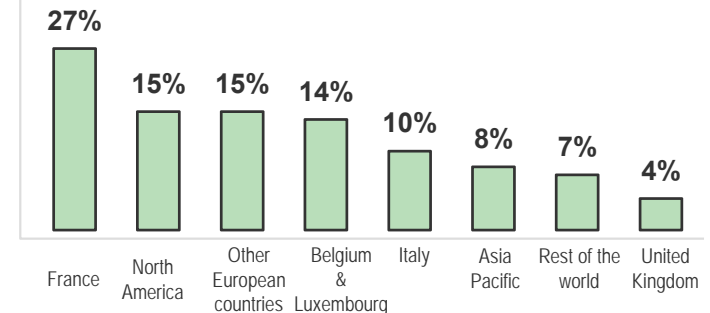
- Reduce our carbon footprint based on a best standards internal policy, in compliance with the International Energy Agency's 2°C scenario
- Increase the amount of financing devoted to renewable energies to €15bn in 2020 (x2 vs. 2015)
- Invest €100m by 2020 in innovative start-ups that contribute to accelerate energy transition



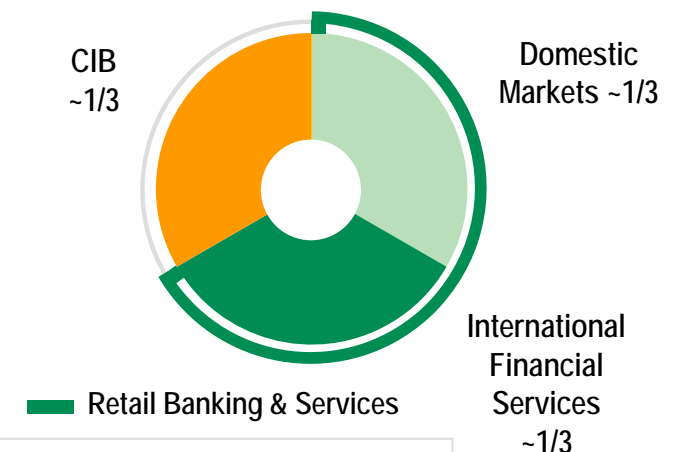
# 2020 Business Development Plan: Leverage the Strength of the Integrated and Diversified Business Model

- A business model diversified by country and business which has demonstrated its strength
  - No country, business or industry concentration
  - Presence primarily in developed countries (>85%)
  - No business unit >20% of allocated equity
  - Business units and regions evolving according to different cycles
- Activities focused on customers' needs
  - A strong cooperation between businesses & regions
- A clear strength in the new environment
  - Sizeable retail banking operations allowing significant investments in digital banking and new technologies
  - Critical mass in market activities that helps to support credit disintermediation
  - A growing presence in stronger potential areas

> **Gross commitments\* by region:**  
€1,438bn as at 31.12.2016



> **Allocated equity in 2020**



> **Confirmation of the well-balanced business model based on 3 pillars: Domestic Markets, IFS and CIB**

\* Gross commitments on and off-balance sheet



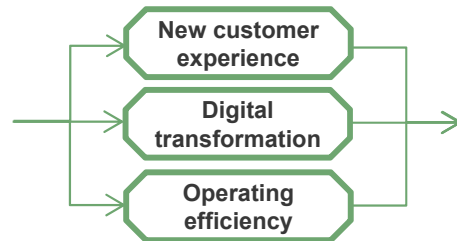
# An Ambitious Programme of New Customer Experience, Digital Transformation & Savings

## Capitalise on existing initiatives

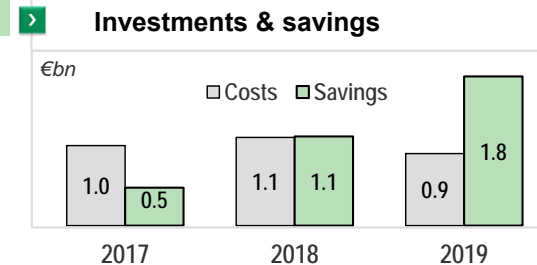


## Invest in a new customer experience, digital transformation and operating efficiency...

~€3bn in transformation costs between 2017 and 2019 ...



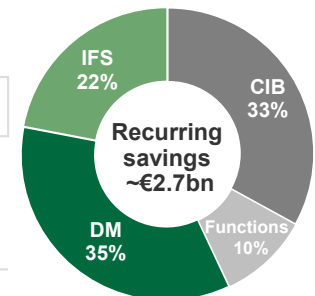
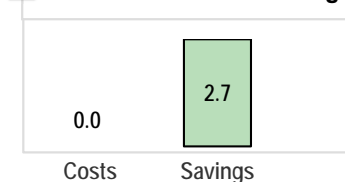
... financed by ~€3.4bn in savings during the same period



## ...and generate ~€2.7bn in recurrent annual savings starting from 2020

- Balanced contribution of all the Group's businesses and functions to savings
- ~150 programmes
- A new IT function organisation in the Group

### 2020 Investments & savings



# 2020 Business Development Plan: 5 Levers for a New Customer Experience & a More Effective and Digital Bank

1

## Implement new customer journeys

- New digitalised, expanded, seamless and personalised customer journeys (more services, more attractiveness, choice of channel, etc.)
- Upgraded service models (better customer segmentation based on user habits, “the right product at the right time and through the right channel,” etc.)
- Digitalisation of distribution by developing digital customer interfaces
- New services made available

2

## Upgrade the operational model

- Streamlining and automatisisation of end-to-end processes
- Simplification of the organisations
- Shared platforms and smart sourcing

3

## Adapt information systems

- Evolution of information systems and incorporation of new technologies in order to accelerate digital
- Improvement of IT efficiency and agile practices
- Promotion of innovation

4

## Make better use of data to serve clients

- Better reliability of data and enhancement of data use for the benefit of customers
- Reinforcement of data storage, protection and analysis capacities
- Use of cutting-edge technologies (artificial intelligence, machine learning, etc.)

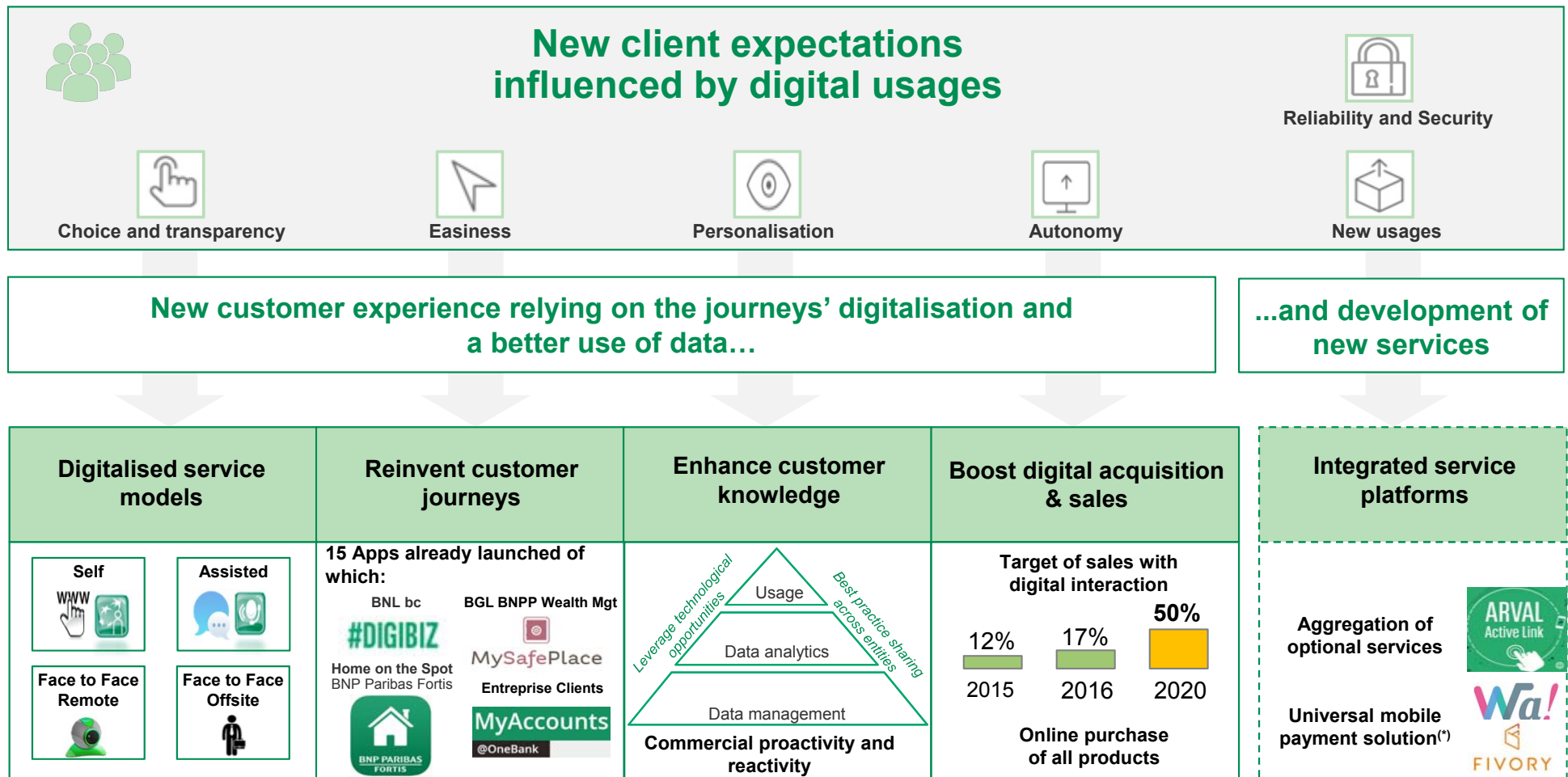
5

## Work differently

- More digital, collaborative and agile work practices
- Day-to-day digital environment & digital and innovation driven culture
- Staff training



# Domestic Markets 2020: Reinvent Customer Experience and Accelerate Digital Transformation



**Implement the 5 levers for a new customer experience, digital transformation and efficiency improvement**

\* Shared solution with Crédit Mutuel (CM11-CIC)



# Domestic Markets 2020: Strengthen the Sales and Marketing Drive and Improve Operating Efficiency

## Strengthen the sales and marketing drive in an environment that is improving only gradually

- Strong headwinds (low interest rates, MIFID 2,...) still in 2017 and 2018
- Strengthen the sales and marketing drive: enhance the attractiveness of the offering, offer new services, gain new customers...
- Disciplined growth of risk-weighted assets
- Maintain leading position in Belgium, continue the commercial development in France and selective growth in Italy

## A risk environment that continues to be favourable

- Continued improvement in particular in Italy (50 bp in 2020 versus 124 bp in 2016)

## Generate €1bn in recurring cost savings

- Actively continue to adapt the branch networks by 2020
- Transform the operational model and adapt the information systems
- 2017-2020 transformation costs: €0.8bn<sup>(1)</sup>

<sup>(1)</sup> Presented in the Corporate Centre

## > Main financial targets\*

| 2020 Targets<br>vs. 2016 | Revenues<br>(CAGR) | Cost income<br>ratio |
|--------------------------|--------------------|----------------------|
| Domestic<br>Markets      | >+0.5%             | -3 pts               |

**2020 RONE\*\*:** >17.5% (+2 pts vs. 2016)



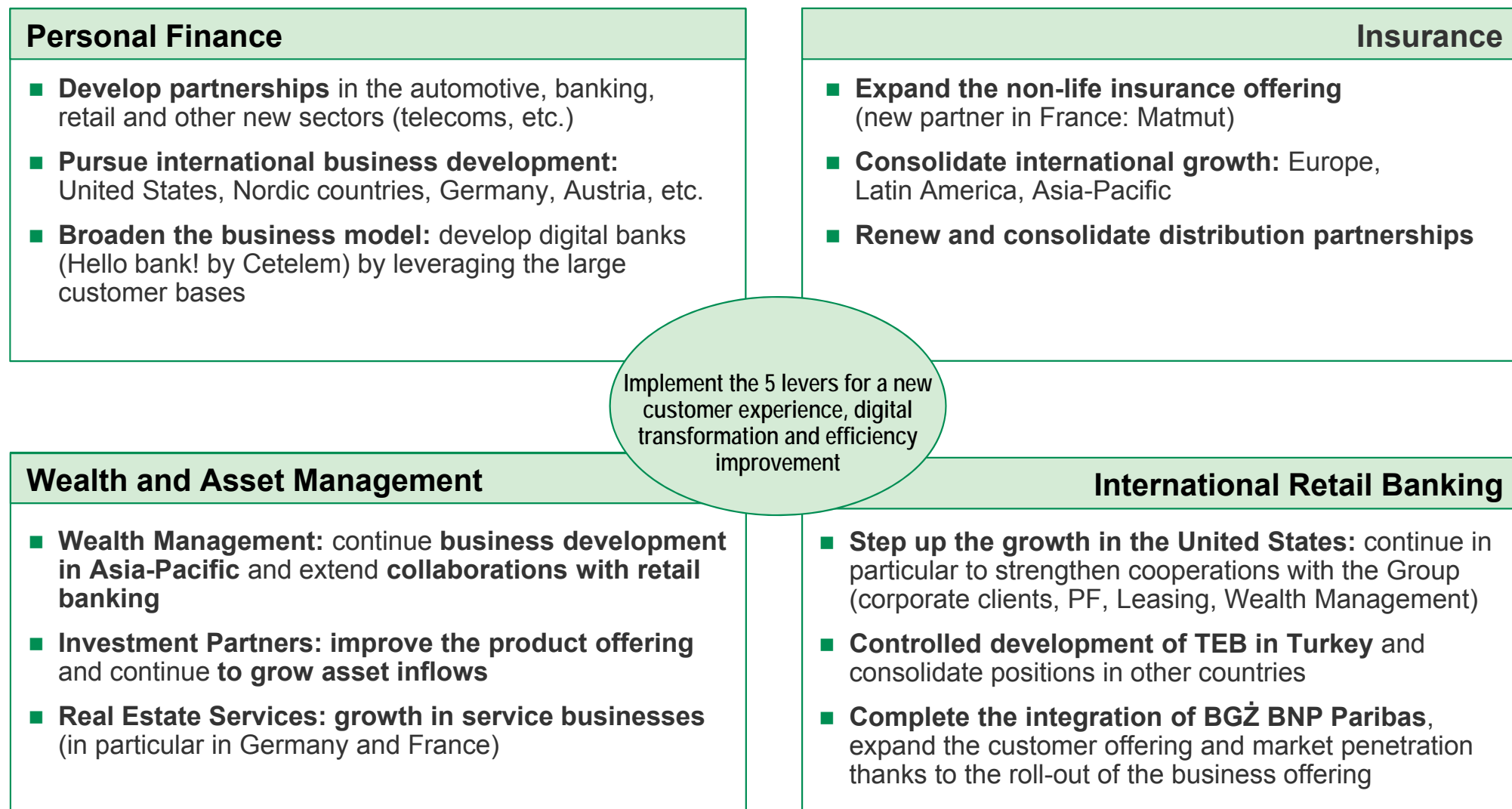
**Significant income growth by 2020**

\* Including 100% of Private Banking, excluding PEL/CEL; \*\* Return on notional equity



# International Financial Services 2020

## Continued Growth, Innovation and Digitalisation





# International Financial Services 2020

## A Growth Engine for the Group

### Strengthen our positions in a context of transformation

- Step up the pace of growth (new offerings, new partnerships, new regions, etc.) and adapt to the evolution of customers' habits
- Consolidate our leading positions in the business units by leveraging best in class offers
- Continue to expand retail banking outside the Eurozone (Poland, United States, Turkey, etc.) and cooperations with the Group
- Prepare for forthcoming constraints (MIFID 2, regulatory impacts, etc.)

### Improve operating efficiency: €0.6bn in cost savings

- Digital initiatives specific to each of the businesses (customer distribution and acquisition, product lifecycle management, new full digital products, etc.)
- Initiatives to streamline and pool processes that support the business units
- 2017-2020 transformation costs: €0.9bn<sup>(1)</sup>

<sup>(1)</sup> Presented in the Corporate Centre

### > Main financial targets\*

| 2020 Targets<br>vs. 2016 | Revenues<br>(CAGR) | Cost income<br>ratio |
|--------------------------|--------------------|----------------------|
| IFS                      | >+5%               | -5 pts               |

**2020 RONE\*\*:** >20% (+2pts vs. 2016)



## Sustained revenue and income growth by 2020

\* Excluding FHB; \*\* Return on notional equity





# CIB 2020: Momentum Generated by the Transformation Plan Implemented from 2016

## Good start of the transformation plan in 2016

### Resources optimisation FOCUS

**-€8.3bn of RWA in 2016**  
(~42% of the target of -€20bn in 2019)

#### Of which:

- **Right-sizing sub-profitable businesses or portfolios:** -€4.4bn in risk-weighted assets in Global Markets (sale of legacy, etc.)
- **Actively managing financial resources:** -€3.1bn in risk-weighted assets in Corporate Banking (securitisation, sale of outstandings, etc.)

### Cost reduction IMPROVE

**~-€0.3bn of costs savings in 2016**  
(~35% of the 2019 target of -€0.95bn)

#### Of which:

- **Simplifying and streamlining processes:** €91m of savings in 2016 in Global Markets and €85m in support functions (IT, etc.)
- **Headcount reduction** under way:
  - Voluntary departure plan in France
  - Simplifying the organisation and smart sourcing initiatives

### Revenue growth GROW

**~+€200m of revenues\* in 2016**  
**+€2.9bn of RWA\* in 2016**

#### Of which:

- **Global Markets:** revenues +1.6% vs. 2015\*\* despite a challenging environment
- **Securities Services:** robust business activity and targeted business development focused on institutional clients
- **Corporate Banking:** new clients' acquisition and good development of the businesses



## Capitalise on the good start of the transformation plan

\* Excluding Focus initiatives and non-recurring items; \*\* At constant scope and exchange rates



# CIB 2020: Step up the Operational and Digital Transformation & Business Development in Europe

## Extend the transformation plan to 2020

- Continue resources optimisation, cost reduction and revenue growth
- Grow the corporate and institutional client franchises
- Continue growing fee businesses (advisory services, cash management, Securities Services)
- Continue to leverage well adapted regional positioning and to develop cross-border business

## Implement the 5 levers for efficiency, digitalisation and new customer experience

- Accelerate the digital transformation
- >€200m of additional cost savings generated by End-to-End programmes
- 2020 savings target: ~€0.9bn vs. 2016 (reminder: ~€0.3bn achieved in 2016 vs. 2015)
- 2017-2020 transformation costs: €1.1bn<sup>(1)</sup>

<sup>(1)</sup> Presented in the Corporate Centre

## Step up the expansion of the customer base in Europe

- Grow the corporate customer base (2020 target: +350 new customer groups vs. 2015)
- Specific focus on Northern Europe (Germany, The Netherlands, United Kingdom, Scandinavia)
- Develop cooperations with other business units in the Group

## > Main financial targets

| 2020 Targets vs. 2016 | Revenues (CAGR)  | Cost income ratio |
|-----------------------|------------------|-------------------|
| <b>CIB</b>            | <b>&gt;+4.5%</b> | <b>-8 pts</b>     |

**2020 RONE\*: >19% (+6pts vs. 2016)**



## Sustained revenue and income growth by 2020

\* Return on notional equity



# Group's 2020 Business Development Plan

## Financial Targets

|               |                                 |                            | 2020 Target  |
|---------------|---------------------------------|----------------------------|--|
| Growth        | Revenues growth                 |                            | 2016-2020 CAGR <sup>(1)</sup><br>≥ +2.5%                   |
| Efficiency    | Plan's savings target           |                            | ~€2.7bn in recurring<br>cost savings starting<br>from 2020 |
|               | Cost income ratio               | 2016: 66.8% <sup>(2)</sup> | 63%  |
| Profitability | ROE                             | 2016: 9.4% <sup>(2)</sup>  | 10%  |
| Capital       | Fully loaded Basel 3 CET1 ratio | 11.5% in 2016              | 12% <sup>(3)</sup>   |
|               | Pay-out ratio                   | 2016: 45% <sup>(4)</sup>   | 50% <sup>(4)</sup>   |

- Average growth of dividend per share<sup>(4)</sup> > 9% per year (CAGR) until 2020



**An ambitious plan that aims to generate an average increase in net income > 6.5% a year until 2020**

<sup>(1)</sup> Compounded annual growth rate; <sup>(2)</sup> Excluding exceptional items; <sup>(3)</sup> Assuming constant regulatory framework; <sup>(4)</sup> Subject to shareholder approval



# Conclusion

## **Good Group performance in 2016**

**Net income attributable to equity holders: €7.7bn**

## **Success of the 2014-2016 business development plan**

**Progress on all the major strategic priorities**

**ROE in line with the objective of the plan**

## **Launch of the new 2017-2020 business development plan**

**Leverage the strength of the integrated and diversified business model**

**Build the bank of the future by accelerating digital transformation**

**Conduct an ambitious Corporate Social Responsibility policy**



Group Results

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Division Results

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Success of the 2014-2016 Business  
Development Plan

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2020 Business Development Plan

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**4Q16 Detailed Results**

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Appendix

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# Main Exceptional Items - 4Q16

- Revenues

- Own credit adjustment and DVA (*Corporate Centre*)

- Operating expenses

- Simple & Efficient transformation costs (*Corporate Centre*)
- CIB transformation costs and restructuring costs of acquisitions\* (*Corporate Centre*)
- Restructuring costs of Businesses\*\*
- Compulsory contribution to the resolution process of 4 Italian banks\*\*\*

- Costs related to the comprehensive settlement with U.S. authorities (*Corporate Centre*)

- Costs related to the remediation plan

- Other non operating elements

- Goodwill impairments\*\*\*\* (*Corporate Centre*)
- Sale of the stake in Klépierre-Corio (*Corporate Centre*)

| > | 4Q16          | > | 4Q15          |
|---|---------------|---|---------------|
|   | -€18m         |   | +€160m        |
|   | <b>-€18m</b>  |   | <b>+€160m</b> |
|   |               |   | -€232m        |
|   | - €146m       |   | -€54m         |
|   | -€144m        |   |               |
|   | -€52m         |   | - €69m        |
|   | <b>-€342m</b> |   | <b>-€355m</b> |
|   |               |   | -€100m        |
|   | <b>€0m</b>    |   | <b>-€100m</b> |
|   | -€127m        |   | -€993m        |
|   |               |   | +€352m        |
|   | <b>-€127m</b> |   | <b>-€641m</b> |

*Total exceptional items (pre-tax)*

*Total exceptional items (after tax)*

|               |               |
|---------------|---------------|
| <b>-€487m</b> | <b>-€936m</b> |
| <b>-€372m</b> | <b>-€922m</b> |

\* LaSer, Bank BGZ, DAB Bank, GE LLD; \*\* BNL bc (-€50m), BRB (-€80m), WAM (-€7m), Corporate Centre (-€7m); \*\*\* BNL bc (-€47m in 4Q16, -€65m in 4Q15), Personal Finance (-€5m in 4Q16, -€4m in 4Q15);

\*\*\*\* Of which full goodwill impairment of BGZ: -€127m in 4Q16 and of BNL bc: -€917m in 4Q15



# BNP Paribas Group - 4Q16

| €m  | 4Q16         | 4Q15         | 4Q16 /<br>4Q15 | 3Q16         | 4Q16 /<br>3Q16 | 2016          | 2015          | 2016 /<br>2015 |
|---|--------------|--------------|----------------|--------------|----------------|---------------|---------------|----------------|
| Revenues  | 10,656       | 10,449       | +2.0%          | 10,589       | +0.6%          | 43,411        | 42,938        | +1.1%          |
| Operating Expenses and Dep.                                       | -7,444       | -7,406       | +0.5%          | -7,217       | +3.1%          | -29,378       | -29,254       | +0.4%          |
| <b>Gross Operating Income</b>                                     | <b>3,212</b> | <b>3,043</b> | <b>+5.6%</b>   | <b>3,372</b> | <b>-4.7%</b>   | <b>14,033</b> | <b>13,684</b> | <b>+2.6%</b>   |
| Cost of Risk  | -950         | -968         | -1.9%          | -764         | +24.3%         | -3,262        | -3,797        | -14.1%         |
| Costs related to the comprehensive settlement with US authorities | 0            | -100         | n.s.           | 0            | n.s.           | 0             | -100          | n.s.           |
| <b>Operating Income</b>   | <b>2,262</b> | <b>1,975</b> | <b>+14.5%</b>  | <b>2,608</b> | <b>-13.3%</b>  | <b>10,771</b> | <b>9,787</b>  | <b>+10.1%</b>  |
| Share of Earnings of Equity-Method Entities                       | 151          | 154          | -1.9%          | 163          | -7.4%          | 633           | 589           | +7.5%          |
| Other Non Operating Items   | -146         | -656         | -77.7%         | 9            | n.s.           | -194          | 3             | n.s.           |
| <b>Non Operating Items</b>  | <b>5</b>     | <b>-502</b>  | <b>n.s.</b>    | <b>172</b>   | <b>-97.1%</b>  | <b>439</b>    | <b>592</b>    | <b>-25.8%</b>  |
| <b>Pre-Tax Income</b>   | <b>2,267</b> | <b>1,473</b> | <b>+53.9%</b>  | <b>2,780</b> | <b>-18.5%</b>  | <b>11,210</b> | <b>10,379</b> | <b>+8.0%</b>   |
| Corporate Income Tax  | -721         | -719         | +0.3%          | -790         | -8.7%          | -3,095        | -3,335        | -7.2%          |
| Net Income Attributable to Minority Interests                     | -104         | -89          | +16.9%         | -104         | -0.0%          | -413          | -350          | +18.0%         |
| <b>Net Income Attributable to Equity Holders</b>                  | <b>1,442</b> | <b>665</b>   | <b>n.s.</b>    | <b>1,886</b> | <b>-23.5%</b>  | <b>7,702</b>  | <b>6,694</b>  | <b>+15.1%</b>  |
| <b>Cost/Income</b>  | <b>69.9%</b> | <b>70.9%</b> | <b>-1.0 pt</b> | <b>68.2%</b> | <b>+1.7 pt</b> | <b>67.7%</b>  | <b>68.1%</b>  | <b>-0.4 pt</b> |

- Corporate income tax: average rate of 28.8% in 2016
  - Positive effect of the low fiscal impact on the capital gain on the sale of Visa Europe shares (long term capital gains regime)
  - No significant impact from reevaluation of differed taxes due to lower income tax rate in France in 2020 (« Loi de Finance 2017 »)



# Retail Banking and Services - 4Q16

| €m  | 4Q16   | 4Q15   | 4Q16 /<br>4Q15 | 3Q16   | 4Q16 /<br>3Q16 | 2016    | 2015    | 2016 /<br>2015 |
|---|--------|--------|----------------|--------|----------------|---------|---------|----------------|
| Revenues                                    | 7,758  | 7,681  | +1.0%          | 7,735  | +0.3%          | 30,651  | 30,552  | +0.3%          |
| Operating Expenses and Dep.                 | -5,200 | -5,049 | +3.0%          | -4,813 | +8.0%          | -19,880 | -19,460 | +2.2%          |
| Gross Operating Income                      | 2,558  | 2,632  | -2.8%          | 2,922  | -12.5%         | 10,771  | 11,092  | -2.9%          |
| Cost of Risk                                | -824   | -882   | -6.5%          | -704   | +17.1%         | -3,005  | -3,533  | -14.9%         |
| Operating Income                            | 1,733  | 1,750  | -1.0%          | 2,218  | -21.9%         | 7,765   | 7,559   | +2.7%          |
| Share of Earnings of Equity-Method Entities | 130    | 138    | -6.1%          | 140    | -7.1%          | 530     | 509     | +4.1%          |
| Other Non Operating Items                   | -5     | -8     | -35.9%         | 9      | n.s.           | 10      | 1       | n.s.           |
| Pre-Tax Income                              | 1,858  | 1,881  | -1.2%          | 2,367  | -21.5%         | 8,305   | 8,069   | +2.9%          |
| Cost/Income                                 | 67.0%  | 65.7%  | +1.3 pt        | 62.2%  | +4.8 pt        | 64.9%   | 63.7%   | +1.2 pt        |
| Allocated Equity (€bn)                      |        |        |                |        |                | 49.0    | 48.4    | +1.4%          |

*Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium, Luxembourg, at BancWest and TEB for the Revenues to Pre-tax income line items*





# Domestic Markets - 4Q16

| €m   | 4Q16   | 4Q15   | 4Q16 /<br>4Q15 | 3Q16   | 4Q16 /<br>3Q16 | 2016    | 2015    | 2016 /<br>2015 |
|--|--------|--------|----------------|--------|----------------|---------|---------|----------------|
| Revenues   | 3,866  | 3,905  | -1.0%          | 3,923  | -1.5%          | 15,715  | 15,797  | -0.5%          |
| Operating Expenses and Dep.                        | -2,794 | -2,713 | +3.0%          | -2,567 | +8.8%          | -10,629 | -10,393 | +2.3%          |
| Gross Operating Income                             | 1,072  | 1,191  | -10.0%         | 1,356  | -20.9%         | 5,086   | 5,404   | -5.9%          |
| Cost of Risk                                       | -399   | -471   | -15.3%         | -329   | +21.3%         | -1,515  | -1,812  | -16.4%         |
| Operating Income                                   | 674    | 721    | -6.5%          | 1,028  | -34.5%         | 3,572   | 3,592   | -0.6%          |
| Share of Earnings of Equity-Method Entities        | 14     | 22     | -37.2%         | 18     | -26.0%         | 54      | 50      | +8.8%          |
| Other Non Operating Items                          | -6     | -7     | -13.6%         | 8      | n.s.           | 2       | -34     | n.s.           |
| Pre-Tax Income                                     | 681    | 735    | -7.3%          | 1,054  | -35.4%         | 3,628   | 3,608   | +0.6%          |
| Income Attributable to Wealth and Asset Management | -59    | -60    | -1.6%          | -61    | -3.2%          | -246    | -273    | -9.9%          |
| Pre-Tax Income of Domestic Markets                 | 622    | 675    | -7.8%          | 993    | -37.4%         | 3,382   | 3,335   | +1.4%          |
| Cost/Income  | 72.3%  | 69.5%  | +2.8 pt        | 65.4%  | +6.9 pt        | 67.6%   | 65.8%   | +1.8 pt        |
| Allocated Equity (€bn)                             |        |        |                |        |                | 23.0    | 22.7    | +1.3%          |

*Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg for the Revenues to Pre-tax income items*

- Revenues: -1.0% vs. 4Q15
  - Persistently low interest rate environment
  - Good growth at BRB, LRB and in the specialised businesses (Arval, Personal Investors)
- Operating expenses: +3.0% vs. 4Q15
  - -0.5% vs. 4Q15 excluding the impact of exceptional items\*
  - Effect of the cost saving measures
- Pre-tax income: -7.8% vs. 4Q15
  - +5.2% vs. 4Q15 excluding the impact of exceptional items\*
  - Decrease in the cost of risk in Italy

\* Additional compulsory contribution of BNL bc to the resolution process of 4 Italian banks: -€47m (-€65m in 4Q15) & restructuring costs: BNL bc -€50m (-€20m in 4Q15); BRB -€80m (0 in 4Q15)



# Domestic Markets

## French Retail Banking - 4Q16 (excluding PEL/CEL effets)

| €m   | 4Q16   | 4Q15   | 4Q16 /<br>4Q15 | 3Q16   | 4Q16 /<br>3Q16 | 2016   | 2015   | 2016 /<br>2015 |
|--|--------|--------|----------------|--------|----------------|--------|--------|----------------|
| Revenues   | 1,548  | 1,603  | -3.4%          | 1,601  | -3.3%          | 6,401  | 6,597  | -3.0%          |
| <i>Incl. Net Interest Income</i>                   | 899    | 946    | -5.0%          | 923    | -2.5%          | 3,676  | 3,804  | -3.4%          |
| <i>Incl. Commissions</i>                           | 649    | 657    | -1.2%          | 678    | -4.3%          | 2,725  | 2,793  | -2.4%          |
| Operating Expenses and Dep.                        | -1,216 | -1,207 | +0.7%          | -1,178 | +3.2%          | -4,673 | -4,641 | +0.7%          |
| Gross Operating Income                             | 332    | 396    | -16.1%         | 423    | -21.5%         | 1,728  | 1,956  | -11.7%         |
| Cost of Risk                                       | -124   | -88    | +41.6%         | -72    | +73.2%         | -342   | -343   | -0.2%          |
| Operating Income                                   | 208    | 308    | -32.5%         | 351    | -40.9%         | 1,386  | 1,613  | -14.1%         |
| Non Operating Items                                | 1      | 1      | -25.5%         | 0      | n.s.           | 3      | 4      | -29.8%         |
| Pre-Tax Income                                     | 209    | 309    | -32.5%         | 351    | -40.6%         | 1,389  | 1,617  | -14.1%         |
| Income Attributable to Wealth and Asset Management | -32    | -34    | -3.6%          | -34    | -5.8%          | -138   | -159   | -13.4%         |
| Pre-Tax Income of French Retail Banking            | 177    | 276    | -36.0%         | 317    | -44.3%         | 1,251  | 1,458  | -14.2%         |
| Cost/Income  | 78.5%  | 75.3%  | +3.2 pt        | 73.6%  | +4.9 pt        | 73.0%  | 70.3%  | +2.7 pt        |
| Allocated Equity (€bn)                             |        |        |                |        |                | 8.7    | 8.3    | +5.5%          |

*Including 100% of French Private Banking for the Revenues to Pre-tax income line items (excluding PEL/CEL effects)\**

- Revenues: -3.4% vs. 4Q15
  - Net interest income: -5.0%, persistently low interest rate environment (decrease in margin on deposits and on renegotiated loans but gradual effect of the rise in outstandings)
  - Fees: -1.2% but +3.2% excluding non recurring item, rise in financial fees and banking fees
- Operating expenses: +0.7% vs. 4Q15
  - Cost control
- Increase in the cost of risk due to a specific file

*\* PEL/CEL effects: -€2m in 2016 (-€31m in 2015) and +€8m in 4Q16 (+€5m in 4Q15)*



# Domestic Markets

## French Retail Banking - Volumes

|                                   | Outstandings<br>4Q16 | %Var/4Q15                 | %Var/3Q16                 | Outstandings<br>2016 | %Var/2015    |
|-----------------------------------|----------------------|---------------------------|---------------------------|----------------------|--------------|
| <i>Average outstandings (€bn)</i> |                      |                           |                           |                      |              |
| <b>LOANS</b>                      | <b>148.8</b>         | <b>+4.2%</b>              | <b>+1.9%</b>              | <b>144.8</b>         | <b>+0.3%</b> |
| Individual Customers              | 80.3                 | +4.8%                     | +3.1%                     | 77.4                 | -0.4%        |
| Incl. Mortgages                   | 70.0                 | +4.9%                     | +3.1%                     | 67.4                 | -0.2%        |
| Incl. Consumer Lending            | 10.3                 | +4.5%                     | +3.5%                     | 10.0                 | -0.1%        |
| Corporates                        | 68.5                 | +3.6%                     | +0.6%                     | 67.4                 | +1.1%        |
| <b>DEPOSITS AND SAVINGS</b>       | <b>147.6</b>         | <b>+8.6%</b>              | <b>+1.5%</b>              | <b>143.1</b>         | <b>+5.4%</b> |
| Current Accounts                  | 83.2                 | +21.7%                    | +2.5%                     | 78.2                 | +22.0%       |
| Savings Accounts                  | 57.8                 | -0.8%                     | -1.4%                     | 58.2                 | -2.3%        |
| Market Rate Deposits              | 6.6                  | -28.5%                    | +14.7%                    | 6.7                  | -44.3%       |
|                                   | <b>31.12.16</b>      | <b>%Var/<br/>31.12.15</b> | <b>%Var/<br/>30.09.16</b> |                      |              |
| <i>€bn</i>                        |                      |                           |                           |                      |              |
| <b>OFF BALANCE SHEET SAVINGS</b>  |                      |                           |                           |                      |              |
| Life Insurance                    | 85.5                 | +2.6%                     | +0.1%                     |                      |              |
| Mutual Funds                      | 46.3                 | +0.6%                     | +2.8%                     |                      |              |

- Loans: +4.2% vs. 4Q15, rise in corporate loans, good pick-up in loan origination on individual customers
- Deposits: +8.6% vs. 4Q15, strong growth in current accounts, significant decrease in market rate deposits
- Off balance sheet savings: increase in life insurance vs. 31.12.15



# Domestic Markets

## BNL banca commerciale - 4Q16

| €m   | 4Q16  | 4Q15  | 4Q16 /<br>4Q15 | 3Q16  | 4Q16 /<br>3Q16 | 2016   | 2015   | 2016 /<br>2015 |
|--|-------|-------|----------------|-------|----------------|--------|--------|----------------|
| Revenues   | 745   | 781   | -4.6%          | 741   | +0.6%          | 2,972  | 3,150  | -5.7%          |
| Operating Expenses and Dep.                        | -543  | -550  | -1.3%          | -448  | +21.3%         | -1,885 | -1,903 | -0.9%          |
| Gross Operating Income                             | 202   | 230   | -12.5%         | 293   | -31.1%         | 1,086  | 1,247  | -12.9%         |
| Cost of Risk                                       | -229  | -300  | -23.9%         | -215  | +6.5%          | -959   | -1,248 | -23.1%         |
| Operating Income                                   | -27   | -70   | -61.5%         | 78    | n.s.           | 127    | -2     | n.s.           |
| Non Operating Items                                | 0     | 0     | n.s.           | 0     | +19.8%         | 0      | -1     | n.s.           |
| Pre-Tax Income                                     | -27   | -70   | -61.8%         | 78    | n.s.           | 127    | -3     | n.s.           |
| Income Attributable to Wealth and Asset Management | -10   | -10   | -8.1%          | -9    | +12.4%         | -37    | -41    | -9.5%          |
| Pre-Tax Income of BNL bc                           | -36   | -80   | -54.8%         | 70    | n.s.           | 90     | -44    | n.s.           |
| Cost/Income  | 72.9% | 70.5% | +2.4 pt        | 60.5% | +12.4 pt       | 63.4%  | 60.4%  | +3.0 pt        |
| Allocated Equity (€bn)                             |       |       |                |       |                | 5.7    | 6.5    | -11.3%         |

*Including 100% of the Italian Private Banking for the Revenues to Pre-tax income line items*

- Revenues: -4.6% vs. 4Q15
  - Net interest income: -4.2% vs. 4Q15, impact of the low interest rate environment and last effects of the repositioning on the better corporate clients
  - Fees: -5.2% vs. 4Q15, decrease of banking fees
- Operating expenses: -1.3% vs. 4Q15
  - -4.3% vs. 4Q15 excluding the impact of exceptional items\*: effect of cost reduction measures
- Cost of risk: -23.9% vs. 4Q15
  - Continued decrease in the cost of risk
- Pre-tax income: -54.8% vs. 4Q15
  - €61m excluding the impact of exceptional items\*

\* Additional compulsory contribution to the resolution process of 4 Italian banks: -€47m (-€65m in 4Q15) & one-off transformation costs: -€50m (-€20m in 4Q15)



# Domestic Markets

## BNL banca commerciale - Volumes

| Average outstandings (€bn)  | Outstandings<br>4Q16 | %Var/4Q15     | %Var/3Q16    | Outstandings<br>2016 | %Var/2015     |
|-----------------------------|----------------------|---------------|--------------|----------------------|---------------|
| <b>LOANS</b>                | <b>78.6</b>          | <b>+1.4%</b>  | <b>+0.8%</b> | <b>77.9</b>          | <b>+0.5%</b>  |
| Individual Customers        | 39.4                 | +0.9%         | +0.5%        | 39.2                 | +1.5%         |
| Incl. Mortgages             | 24.5                 | -2.2%         | -0.4%        | 24.8                 | -1.0%         |
| Incl. Consumer Lending      | 4.2                  | +3.3%         | +1.0%        | 4.2                  | +3.3%         |
| Corporates                  | 39.2                 | +1.9%         | +1.1%        | 38.7                 | -0.5%         |
| <b>DEPOSITS AND SAVINGS</b> | <b>39.9</b>          | <b>+14.9%</b> | <b>+3.8%</b> | <b>38.0</b>          | <b>+12.6%</b> |
| Individual Deposits         | 26.4                 | +12.3%        | +2.3%        | 25.6                 | +13.2%        |
| Incl. Current Accounts      | 26.1                 | +12.6%        | +2.4%        | 25.2                 | +13.7%        |
| Corporate Deposits          | 13.5                 | +20.2%        | +6.9%        | 12.4                 | +11.4%        |

| €bn                              | 31.12.16 | %Var/<br>31.12.15 | %Var/<br>30.09.16 |
|----------------------------------|----------|-------------------|-------------------|
| <b>OFF BALANCE SHEET SAVINGS</b> |          |                   |                   |
| Life Insurance                   | 18.3     | +9.8%             | +1.4%             |
| Mutual Funds                     | 13.8     | +7.2%             | +1.4%             |

- Loans: +1.4% vs. 4Q15
  - Individuals: +0.9% vs. 4Q15, gradual recovery in volumes
  - Corporates: +1.9% vs. 4Q15, good growth in particular on the better corporate clients
- Deposits: +14.9% vs. 4Q15
  - Individuals and corporates: strong rise in current accounts
- Off balance sheet savings: good asset inflows in life insurance, rise in mutual fund outstandings



# Domestic Markets

## Belgian Retail Banking - 4Q16

| €m   | 4Q16  | 4Q15  | 4Q16 /<br>4Q15 | 3Q16  | 4Q16 /<br>3Q16 | 2016   | 2015   | 2016 /<br>2015 |
|--|-------|-------|----------------|-------|----------------|--------|--------|----------------|
| Revenues   | 908   | 882   | +2.9%          | 914   | -0.6%          | 3,661  | 3,552  | +3.1%          |
| Operating Expenses and Dep.                        | -661  | -588  | +12.5%         | -575  | +15.1%         | -2,582 | -2,462 | +4.9%          |
| Gross Operating Income                             | 247   | 295   | -16.3%         | 339   | -27.3%         | 1,079  | 1,090  | -1.0%          |
| Cost of Risk                                       | -9    | -52   | -82.3%         | -19   | -52.4%         | -98    | -85    | +15.1%         |
| Operating Income                                   | 237   | 243   | -2.2%          | 320   | -25.7%         | 981    | 1,005  | -2.4%          |
| Non Operating Items                                | 2     | 7     | -78.7%         | 3     | -55.0%         | 6      | -9     | n.s.           |
| Pre-Tax Income                                     | 239   | 250   | -4.4%          | 323   | -26.0%         | 987    | 996    | -0.9%          |
| Income Attributable to Wealth and Asset Management | -17   | -14   | +15.2%         | -18   | -5.9%          | -69    | -68    | +1.1%          |
| Pre-Tax Income of Belgian Retail Banking           | 222   | 235   | -5.6%          | 305   | -27.2%         | 918    | 928    | -1.1%          |
| Cost/Income  | 72.8% | 66.6% | +6.2 pt        | 62.9% | +9.9 pt        | 70.5%  | 69.3%  | +1.2 pt        |
| Allocated Equity (€bn)                             |       |       |                |       |                | 4.7    | 4.5    | +6.2%          |

*Including 100% of Belgian Private Banking for the Revenues to Pre-tax income line items*

- Revenues: +2.9% vs. 4Q15
  - Net interest income: +3.5% vs. 4Q15, due to volume growth
  - Fees: +1.3% vs. 4Q15, rise in banking fees
- Operating expenses: +12.5% vs. 4Q15
  - -1.0% vs. 4Q15 excluding exceptional item\*
  - Effect of the cost reduction measures
- Pre-tax income: -5.6% vs. 4Q15
  - +28.3% vs. 4Q15 excluding exceptional item\*

\* Restructuring costs: -€80m in 4Q16



# Domestic Markets

## Belgian Retail Banking - Volumes

| Average outstandings (€bn)       | Outstandings<br>4Q16 | %Var/4Q15    | %Var/3Q16    | Outstandings<br>2016 | %Var/2015    |
|----------------------------------|----------------------|--------------|--------------|----------------------|--------------|
| <b>LOANS</b>                     | <b>97.0</b>          | <b>+3.9%</b> | <b>+0.3%</b> | <b>96.0</b>          | <b>+4.7%</b> |
| Individual Customers             | 65.5                 | +3.8%        | +0.5%        | 64.7                 | +5.6%        |
| Incl. Mortgages                  | 46.8                 | +3.8%        | +0.7%        | 46.2                 | +6.3%        |
| Incl. Consumer Lending           | 0.2                  | +21.3%       | -29.5%       | 0.2                  | -40.2%       |
| Incl. Small Businesses           | 18.5                 | +3.8%        | +0.4%        | 18.4                 | +4.8%        |
| Corporates and Local Governments | 31.5                 | +4.1%        | -0.1%        | 31.3                 | +2.8%        |
| <b>DEPOSITS AND SAVINGS</b>      | <b>117.9</b>         | <b>+6.5%</b> | <b>-0.2%</b> | <b>116.0</b>         | <b>+5.8%</b> |
| Current Accounts                 | 47.4                 | +16.7%       | -0.7%        | 45.4                 | +17.4%       |
| Savings Accounts                 | 67.2                 | +3.1%        | +0.3%        | 66.5                 | +1.7%        |
| Term Deposits                    | 3.4                  | -32.9%       | -3.3%        | 4.0                  | -27.4%       |

| €bn                              | 31.12.16 | %Var/<br>31.12.15 | %Var/<br>30.09.16 |
|----------------------------------|----------|-------------------|-------------------|
| <b>OFF BALANCE SHEET SAVINGS</b> |          |                   |                   |
| Life Insurance                   | 24.7     | +0.1%             | -0.6%             |
| Mutual Funds                     | 30.4     | +0.4%             | +1.0%             |

- Loans: +3.9% vs. 4Q15
  - Individuals: +3.8% vs. 4Q15, rise in particular of mortgage loans
  - Corporates: +4.1% vs. 4Q15, good increase in loans to SMEs
- Deposits: +6.5% vs. 4Q15
  - Individuals and corporates: strong growth in current accounts



# Domestic Markets

## Other Activities - 4Q16

| €m   | 4Q16  | 4Q15  | 4Q16 /<br>4Q15 | 3Q16  | 4Q16 /<br>3Q16 | 2016   | 2015   | 2016 /<br>2015 |
|--|-------|-------|----------------|-------|----------------|--------|--------|----------------|
| Revenues   | 666   | 638   | +4.2%          | 669   | -0.4%          | 2,681  | 2,498  | +7.3%          |
| Operating Expenses and Dep.                        | -374  | -368  | +1.5%          | -367  | +1.8%          | -1,488 | -1,387 | +7.3%          |
| Gross Operating Income                             | 292   | 270   | +8.0%          | 302   | -3.2%          | 1,193  | 1,111  | +7.4%          |
| Cost of Risk                                       | -37   | -31   | +19.5%         | -23   | +60.1%         | -115   | -136   | -15.2%         |
| Operating Income                                   | 255   | 240   | +6.5%          | 279   | -8.4%          | 1,078  | 975    | +10.5%         |
| Share of Earnings of Equity-Method Entities        | 10    | 18    | -43.7%         | 13    | -17.6%         | 43     | 36     | +18.8%         |
| Other Non Operating Items                          | -6    | -13   | -52.9%         | 10    | n.s.           | 5      | -14    | n.s.           |
| Pre-Tax Income                                     | 260   | 245   | +5.8%          | 301   | -13.8%         | 1,125  | 997    | +12.8%         |
| Income Attributable to Wealth and Asset Management | 0     | -1    | -77.0%         | 0     | -0.7%          | -2     | -5     | -55.2%         |
| Pre-Tax Income of Other Domestic Markets           | 259   | 244   | +6.3%          | 301   | -13.8%         | 1,123  | 993    | +13.1%         |
| Cost/Income  | 56.1% | 57.6% | -1.5 pt        | 54.9% | +1.2 pt        | 55.5%  | 55.5%  | +0.0 pt        |
| Allocated Equity (€bn)                             |       |       |                |       |                | 3.8    | 3.5    | +8.5%          |

*Including 100% of Private Banking in Luxembourg for the Revenues to Pre-tax income line items*

- Scope effect linked to the acquisition of GE Fleet Services Europe (Arval)
- At constant scope and exchange rates vs. 4Q15
  - Revenues\*: +4.2%, rise across all business lines
  - Operating expenses\*: -0.2%, effect of the first cost synergies between DAB Bank and Consors bank! in Germany (Personal Investors)
  - Pre-tax income\*\*: +8.6%

*\* Including 100% of Private Banking in Luxembourg; \*\* Including 2/3 of Private Banking in Luxembourg*





# Domestic Markets

## LRB - Personal Investors

### > Luxembourg Retail Banking (LRB)

| Average outstandings (€bn)       | 4Q16            | %Var/4Q15                 | %Var/3Q16                 | 2016        | %Var/2015     |
|----------------------------------|-----------------|---------------------------|---------------------------|-------------|---------------|
| <b>LOANS</b>                     | <b>8.5</b>      | <b>+1.5%</b>              | <b>+2.0%</b>              | <b>8.4</b>  | <b>+1.5%</b>  |
| Individual Customers             | 6.1             | +2.2%                     | +0.4%                     | 6.0         | +2.2%         |
| Corporates and Local Governments | 2.5             | -0.4%                     | +6.1%                     | 2.4         | -0.3%         |
| <b>DEPOSITS AND SAVINGS</b>      | <b>17.6</b>     | <b>+16.3%</b>             | <b>+3.9%</b>              | <b>16.4</b> | <b>+14.4%</b> |
| Current Accounts                 | 8.6             | +23.1%                    | +12.6%                    | 7.5         | +14.6%        |
| Savings Accounts                 | 8.2             | +23.5%                    | -1.4%                     | 8.0         | +32.3%        |
| Term Deposits                    | 0.7             | -50.3%                    | -21.0%                    | 0.9         | -47.6%        |
|                                  | <b>31.12.16</b> | <b>%Var/<br/>31.12.15</b> | <b>%Var/<br/>30.09.16</b> |             |               |
| <b>OFF BALANCE SHEET SAVINGS</b> |                 |                           |                           |             |               |
| Life Insurance                   | 0.9             | +2.4%                     | +0.5%                     |             |               |
| Mutual Funds                     | 1.7             | -4.9%                     | +0.8%                     |             |               |

- Loans vs. 4Q15: increase in mortgage loans
- Deposits vs. 4Q15: increase in sight deposits and savings accounts particularly in the corporate client segment

### > Personal Investors

| Average outstandings (€bn)          | 4Q16            | %Var/4Q15                 | %Var/3Q16                 | 2016        | %Var/2015    |
|-------------------------------------|-----------------|---------------------------|---------------------------|-------------|--------------|
| <b>LOANS</b>                        | <b>0.5</b>      | <b>-1.0%</b>              | <b>+0.5%</b>              | <b>0.5</b>  | <b>+0.8%</b> |
| <b>DEPOSITS</b>                     | <b>20.4</b>     | <b>+1.2%</b>              | <b>+1.8%</b>              | <b>20.0</b> | <b>-0.6%</b> |
|                                     | <b>31.12.16</b> | <b>%Var/<br/>31.12.15</b> | <b>%Var/<br/>30.09.16</b> |             |              |
| <b>ASSETS UNDER MANAGEMENT</b>      | <b>84.0</b>     | <b>+12.3%</b>             | <b>+9.0%</b>              |             |              |
| European Customer Orders (millions) | 4.2             | -2.8%                     | +3.5%                     |             |              |

- Assets under management vs. 4Q15:
  - Effect of the acquisition of Sharekhan\*
  - +6.8% at constant scope and exchange rates: positive asset inflows and effect of rising markets
- Digital: success of the launch of Video Legitimation in Germany (opening an account fully online)
- Cortal Consors named Best Online-Broker 2016 by Focus Money



\* Closed on 23 November 2016 (€4bn of assets under management)



# Domestic Markets

## Arval - Leasing Solutions

### > Arval

| Average outstandings (€bn)           | 4Q16  | %Var*/4Q15 | %Var*/3Q16 | 2016 | %Var*/2015 |
|--------------------------------------|-------|------------|------------|------|------------|
| Consolidated Outstandings            | 14.0  | +12.0%     | +3.1%      | 13.5 | +12.6%     |
| Financed vehicles ('000 of vehicles) | 1,028 | +8.4%      | +2.7%      | 997  | +10.1%     |

- Consolidated outstandings: +12.0%\* vs. 4Q15, good growth in all regions
- Financed vehicles: +8.4%\* vs. 4Q15, very good sales and marketing drive, now over 1 million financed vehicles

### > Leasing Solutions

| Average outstandings (€bn) | 4Q16 | %Var*/4Q15 | %Var*/3Q16 | 2016 | %Var*/2015 |
|----------------------------|------|------------|------------|------|------------|
| Consolidated Outstandings  | 16.8 | +6.7%      | +3.5%      | 16.6 | +4.8%      |

- Consolidated outstandings: +6.7%\* vs. 4Q15, good growth in the outstandings of the core portfolio and continued reduction of the non-core portfolio

\* At constant scope and exchange rates



# International Financial Services - 4Q16

| €m  | 4Q16   | 4Q15   | 4Q16 /<br>4Q15 | 3Q16   | 4Q16 /<br>3Q16 | 2016   | 2015   | 2016 /<br>2015 |
|---|--------|--------|----------------|--------|----------------|--------|--------|----------------|
| Revenues                                    | 4,025  | 3,903  | +3.1%          | 3,946  | +2.0%          | 15,479 | 15,295 | +1.2%          |
| Operating Expenses and Dep.                 | -2,481 | -2,403 | +3.2%          | -2,319 | +7.0%          | -9,544 | -9,334 | +2.3%          |
| Gross Operating Income                      | 1,544  | 1,500  | +2.9%          | 1,627  | -5.1%          | 5,935  | 5,961  | -0.4%          |
| Cost of Risk                                | -425   | -411   | +3.6%          | -376   | +13.1%         | -1,496 | -1,722 | -13.1%         |
| Operating Income                            | 1,118  | 1,089  | +2.7%          | 1,251  | -10.6%         | 4,439  | 4,239  | +4.7%          |
| Share of Earnings of Equity-Method Entities | 116    | 117    | -0.2%          | 122    | -4.2%          | 477    | 460    | +3.6%          |
| Other Non Operating Items                   | 1      | 0      | n.s.           | 1      | +66.6%         | 8      | 35     | -76.0%         |
| Pre-Tax Income                              | 1,236  | 1,206  | +2.5%          | 1,373  | -10.0%         | 4,924  | 4,734  | +4.0%          |
| Cost/Income                                 | 61.6%  | 61.6%  | +0.0 pt        | 58.8%  | +2.8 pt        | 61.7%  | 61.0%  | +0.7 pt        |
| Allocated Equity (€bn)                      |        |        |                |        |                | 26.1   | 25.7   | +1.4%          |

- Limited foreign exchange effect this quarter
- At constant scope and exchange rates vs. 4Q15
  - Revenues: +3.3% growth across all the business lines
  - Operating expenses: +3.6% (+3.3% excluding exceptional costs\*)
  - Operating income: +2.0%
  - Pre-tax income: +2.4%

\* Restructuring costs of WAM (-€7m in 4Q16) and Personal Finance's compulsory contribution to the resolution process of 4 Italian banks (-€5 m in 4Q16, -€4m in 4Q15)



# International Financial Services

## Personal Finance - 4Q16

| €m  | 4Q16  | 4Q15  | 4Q16 /<br>4Q15 | 3Q16  | 4Q16 /<br>3Q16 | 2016   | 2015   | 2016 /<br>2015 |
|---|-------|-------|----------------|-------|----------------|--------|--------|----------------|
| Revenues                                    | 1,185 | 1,161 | +2.1%          | 1,177 | +0.7%          | 4,679  | 4,661  | +0.4%          |
| Operating Expenses and Dep.                 | -598  | -580  | +3.2%          | -544  | +10.0%         | -2,298 | -2,315 | -0.7%          |
| Gross Operating Income                      | 587   | 581   | +0.9%          | 632   | -7.2%          | 2,381  | 2,346  | +1.5%          |
| Cost of Risk                                | -269  | -309  | -12.7%         | -240  | +12.2%         | -979   | -1,176 | -16.7%         |
| Operating Income                            | 317   | 273   | +16.4%         | 392   | -19.1%         | 1,401  | 1,170  | +19.8%         |
| Share of Earnings of Equity-Method Entities | 18    | 21    | -12.5%         | 18    | -2.4%          | 42     | 74     | -43.7%         |
| Other Non Operating Items                   | -2    | -1    | n.s.           | 0     | n.s.           | -1     | 0      | n.s.           |
| Pre-Tax Income                              | 334   | 293   | +14.0%         | 411   | -18.7%         | 1,442  | 1,244  | +15.9%         |
| Cost/Income                                 | 50.5% | 49.9% | +0.6 pt        | 46.3% | +4.2 pt        | 49.1%  | 49.7%  | -0.6 pt        |
| Allocated Equity (€bn)                      |       |       |                |       |                | 4.9    | 4.5    | +9.4%          |

- At constant scope and exchange rates
  - Revenues: +2.5% vs. 4Q15, in connection with the rise in volumes and the positioning on products with a better risk profile; revenue growth in Germany, Italy and Spain
  - Operating expenses: +3.6% vs. 4Q15, as a result of the good business development
  - Pre-tax income: +16.7% vs. 4Q15 (decrease in the cost of risk)



# International Financial Services

## Personal Finance - Volumes and risks

|  | Outstandings | %Var/4Q15    |                                      | %Var/3Q16    |                                      | Outstandings | %Var/2015    |                                      |
|--|--------------|--------------|--------------------------------------|--------------|--------------------------------------|--------------|--------------|--------------------------------------|
|  | 4Q16         | historical   | at constant scope and exchange rates | historical   | at constant scope and exchange rates | 2016         | historical   | at constant scope and exchange rates |
| <i>Average outstandings (€bn)</i>              |              |              |                                      |              |                                      |              |              |                                      |
| <b>TOTAL CONSOLIDATED OUTSTANDINGS</b>         | <b>65.3</b>  | <b>+8.7%</b> | <b>+9.6%</b>                         | <b>+2.5%</b> | <b>+2.6%</b>                         | <b>63.0</b>  | <b>+7.5%</b> | <b>+8.8%</b>                         |
| <b>TOTAL OUTSTANDINGS UNDER MANAGEMENT (1)</b> | <b>75.7</b>  | <b>+7.9%</b> | <b>+8.2%</b>                         | <b>+2.7%</b> | <b>+2.6%</b>                         | <b>73.1</b>  | <b>+6.8%</b> | <b>+8.1%</b>                         |

(1) Including 100% of outstandings of subsidiaries not fully owned as well as of all partnerships

- Very good sales and marketing drive

### > Cost of risk/outstandings

| <i>Annualised cost of risk/outstandings as at beginning of period</i> | 4Q15         | 1Q16         | 2Q16         | 3Q16         | 4Q16         |
|---|--------------|--------------|--------------|--------------|--------------|
| France  | 1.60%        | 2.23%        | 1.62%        | 1.35%        | 1.46%        |
| Italy   | 2.54%        | 0.94%        | 1.84%        | 1.17%        | 1.44%        |
| Spain   | 1.96%        | 0.40%        | 1.04%        | 1.72%        | 1.93%        |
| Other Western Europe  | 1.57%        | 0.91%        | 1.35%        | 1.28%        | 1.47%        |
| Eastern Europe  | 2.30%        | 0.57%        | 0.22%        | 0.77%        | 1.77%        |
| Brazil  | 10.7%*       | 7.76%        | 5.65%        | 6.89%        | 6.15%        |
| Others  | 2.58%        | 1.20%        | 2.03%        | 2.15%        | 1.89%        |
| <b>Personal Finance</b>   | <b>2.16%</b> | <b>1.49%</b> | <b>1.64%</b> | <b>1.54%</b> | <b>1.70%</b> |

\* Exceptional adjustment for the whole year 2015



# International Financial Services Europe-Mediterranean - 4Q16

| €m   | 4Q16  | 4Q15  | 4Q16 /<br>4Q15 | 3Q16  | 4Q16 /<br>3Q16 | 2016   | 2015   | 2016 /<br>2015 |
|--|-------|-------|----------------|-------|----------------|--------|--------|----------------|
| Revenues   | 630   | 626   | +0.6%          | 659   | -4.3%          | 2,513  | 2,516  | -0.1%          |
| Operating Expenses and Dep.                        | -431  | -444  | -2.9%          | -413  | +4.2%          | -1,705 | -1,707 | -0.1%          |
| Gross Operating Income                             | 200   | 183   | +9.1%          | 245   | -18.7%         | 808    | 809    | -0.0%          |
| Cost of Risk                                       | -127  | -96   | +31.8%         | -127  | -0.5%          | -437   | -466   | -6.2%          |
| Operating Income                                   | 73    | 87    | -16.1%         | 118   | -38.3%         | 371    | 342    | +8.4%          |
| Non Operating Items                                | 48    | 47    | +2.3%          | 48    | +0.7%          | 197    | 174    | +13.3%         |
| Pre-Tax Income                                     | 121   | 134   | -9.6%          | 166   | -27.1%         | 568    | 516    | +10.0%         |
| Income Attributable to Wealth and Asset Management | -1    | -1    | +32.2%         | 0     | n.s.           | -2     | -3     | -18.7%         |
| Pre-Tax Income of Europe-Mediterranean             | 120   | 133   | -9.8%          | 165   | -27.5%         | 566    | 513    | +10.2%         |
| Cost/Income  | 68.3% | 70.8% | -2.5 pt        | 62.7% | +5.6 pt        | 67.8%  | 67.9%  | -0.1 pt        |
| Allocated Equity (€bn)                             |       |       |                |       |                | 5.2    | 5.4    | -2.5%          |

*Including 100% of Turkish Private Banking for the Revenue to Pre-tax income line items*

- Foreign exchange effect due in particular to the depreciation of the Turkish lira
  - TRY vs. EUR\*: -10.3% vs. 4Q15, -6.7% vs. 3Q16, -9.7% vs. 2015
- At constant scope and exchange rates vs. 4Q15
  - Revenues: +5.9%, as a result of the rise in volumes and margins
  - Operating expenses: +1.1% (+3.4% excluding the development of taxes and contributions in Poland\*\*)
  - Cost of risk: rise in Turkey
  - Non operating items: good contribution from associated companies in Asia
  - Pre-tax income: -1.2% (increase in the cost of risk in Turkey offset by the rise in margins)

*\* Average rates; \*\* Introduction of a banking tax in 2016 (-€13m in 4Q16) and contribution to the deposit guarantee fund & to the support fund for borrowers in 2015 (-€31m in 4Q15)*

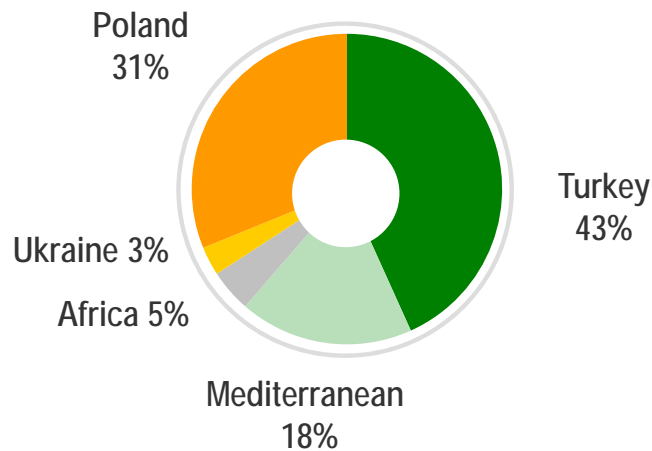


# International Financial Services

## Europe-Mediterranean - Volumes and Risks

| Average outstandings (€bn) | Outstandings | %Var/4Q15  |                                      | %Var/3Q16  |                                      | Outstandings | %Var/2015  |                                      |
|----------------------------|--------------|------------|--------------------------------------|------------|--------------------------------------|--------------|------------|--------------------------------------|
|                            | 4Q16         | historical | at constant scope and exchange rates | historical | at constant scope and exchange rates | 2016         | historical | at constant scope and exchange rates |
| LOANS                      | 38.1         | -1.3%      | +4.7%                                | -1.6%      | +1.4%                                | 38.3         | -1.1%      | +5.5%                                |
| DEPOSITS                   | 35.5         | +5.5%      | +11.3%                               | +0.2%      | +3.0%                                | 34.9         | +3.5%      | +9.8%                                |

### Geographic distribution of 4Q16 outstanding loans



### Cost of risk/outstandings

Annualised cost of risk / outstandings as at beginning of period

|                      | 4Q15  | 1Q16  | 2Q16  | 3Q16  | 4Q16   |
|----------------------|-------|-------|-------|-------|--------|
| Turkey               | 1.28% | 1.20% | 1.29% | 1.82% | 1.77%  |
| Ukraine              | 2.51% | 1.40% | 0.59% | 4.62% | -2.12% |
| Poland               | 0.43% | 0.42% | 0.67% | 0.44% | 0.77%  |
| Others               | 1.09% | 1.30% | 0.40% | 0.89% | 1.47%  |
| Europe-Mediterranean | 1.01% | 1.00% | 0.89% | 1.29% | 1.29%  |

### TEB: a solid and well capitalised bank

- 14.4% solvency ratio\* as at 31.12.16
- Largely self financed
- 1.1% of the Group's commitments\*\*
- Limited exposure to Turkish government bonds
- 1.9 % of the Group's pre-tax income

\* Capital Adequacy Ratio (CAR); \*\* Gross commitments, on and off balance sheet, unweighted



# International Financial Services

## BancWest - 4Q16

| €m   | 4Q16  | 4Q15  | 4Q16 /<br>4Q15 | 3Q16  | 4Q16 /<br>3Q16 | 2016   | 2015   | 2016 /<br>2015 |
|--|-------|-------|----------------|-------|----------------|--------|--------|----------------|
| Revenues   | 795   | 735   | +8.2%          | 728   | +9.1%          | 2,984  | 2,834  | +5.3%          |
| Operating Expenses and Dep.                        | -521  | -481  | +8.2%          | -501  | +3.9%          | -2,038 | -1,882 | +8.3%          |
| Gross Operating Income                             | 274   | 253   | +8.2%          | 227   | +20.6%         | 947    | 952    | -0.5%          |
| Cost of Risk                                       | -23   | 4     | n.s.           | -14   | +60.3%         | -85    | -50    | +69.9%         |
| Operating Income                                   | 251   | 257   | -2.5%          | 213   | +18.0%         | 862    | 902    | -4.4%          |
| Non Operating Items                                | 4     | 2     | +86.1%         | 1     | n.s.           | 16     | 31     | -48.6%         |
| Pre-Tax Income                                     | 255   | 260   | -1.7%          | 214   | +19.5%         | 878    | 933    | -5.9%          |
| Income Attributable to Wealth and Asset Management | -5    | -3    | +69.5%         | -4    | +26.0%         | -15    | -10    | +52.1%         |
| Pre-Tax Income of BANCWEST                         | 251   | 257   | -2.5%          | 210   | +19.4%         | 862    | 923    | -6.6%          |
| Cost/Income  | 65.5% | 65.6% | -0.1 pt        | 68.8% | -3.3 pt        | 68.3%  | 66.4%  | +1.9 pt        |
| Allocated Equity (€bn)                             |       |       |                |       |                | 6.3    | 6.3    | +1.0%          |

*Including 100% of U.S Private Banking for the Revenues to Pre-tax income line items*

- Limited USD vs. EUR\* foreign exchange effect: +1.6% vs. 4Q15, +3.6% vs. 3Q16, ~stable vs. 2015
- Revenues: +6.5%\*\* vs. 4Q15
  - Effect of the increase in volumes
- Operating expenses: +6.5%\*\* vs. 4Q15
  - +5.3%\*\* excluding the increase in regulatory costs\*\*\* and non recurring costs related to the IPO of First Hawaiian Bank
  - Strengthening of the commercial set up
- Pre-tax income: -4.1%\*\* vs. 4Q15

*\* Average rates; \*\* At constant scope and exchange rates; \*\*\* CCAR and Intermediate Holding Company*





# International Financial Services

## BancWest - Volumes

| Average outstandings (€bn)  | Outstandings | %Var/4Q15<br>at constant<br>scope and<br>exchange<br>rates |               | %Var/3Q16<br>at constant<br>scope and<br>exchange<br>rates |              | Outstandings | %Var/2015<br>at constant<br>scope and<br>exchange<br>rates |              |
|-----------------------------|--------------|--|---------------|--|--------------|--------------|--|--------------|
|                             | 4Q16         | historical   |               | historical   |              | 2016         | historical   |              |
| <b>LOANS</b>                | <b>65.0</b>  | <b>+11.0%</b>  | <b>+9.2%</b>  | <b>+6.3%</b>   | <b>+2.6%</b> | <b>61.1</b>  | <b>+8.8%</b>   | <b>+8.5%</b> |
| Individual Customers        | 28.6         | +8.2%  | +6.5%         | +6.7%  | +3.0%        | 27.0         | +5.6%  | +5.3%        |
| Incl. Mortgages             | 11.5         | +9.4%  | +7.6%         | +6.5%  | +2.8%        | 10.8         | +4.3%  | +4.0%        |
| Incl. Consumer Lending      | 17.1         | +7.4%  | +5.7%         | +6.8%  | +3.1%        | 16.2         | +6.5%  | +6.2%        |
| Commercial Real Estate      | 17.8         | +13.4%   | +11.6%        | +4.6%  | +1.0%        | 16.8         | +12.9%   | +12.6%       |
| Corporate Loans             | 18.5         | +13.1%   | +11.3%        | +7.3%  | +3.6%        | 17.3         | +10.2%   | +9.8%        |
| <b>DEPOSITS AND SAVINGS</b> | <b>69.6</b>  | <b>+11.8%</b>  | <b>+10.0%</b> | <b>+6.6%</b>   | <b>+2.9%</b> | <b>64.6</b>  | <b>+8.3%</b>   | <b>+7.9%</b> |
| Deposits Excl. Jumbo CDs    | 58.7         | +9.2%  | +7.5%         | +5.9%  | +2.3%        | 55.2         | +7.8%  | +7.5%        |

- Loans: +9.2%\* vs. 4Q15
  - Increase in individual and corporate loans
- Deposits: +10.0%\* vs. 4Q15
  - Good growth in current and savings accounts

\* At constant scope and exchange rates



# International Financial Services Insurance and WAM\* - Business

|   | 31.12.16            | 31.12.15          | %Var/<br>31.12.15   | 30.09.16            | %Var/<br>30.09.16   |
|---|---------------------|-------------------|---------------------|---------------------|---------------------|
| <b><u>Assets under management (€bn)</u></b> | <b><u>1,010</u></b> | <b><u>954</u></b> | <b><u>+5.8%</u></b> | <b><u>1,004</u></b> | <b><u>+0.6%</u></b> |
| Asset Management                            | 416                 | 390               | +6.7%               | 413                 | +0.7%               |
| Wealth Management                           | 344                 | 327               | +5.0%               | 341                 | +0.7%               |
| Real Estate Services                        | 24                  | 22                | +9.5%               | 23                  | +5.5%               |
| Insurance                                   | 226                 | 215               | +5.1%               | 227                 | -0.4%               |

|                                     | 4Q16              | 4Q15               | %Var/<br>4Q15        | 3Q16               | %Var/<br>3Q16        |
|-------------------------------------|-------------------|--------------------|----------------------|--------------------|----------------------|
| <b><u>Net asset flows (€bn)</u></b> | <b><u>2.0</u></b> | <b><u>15.3</u></b> | <b><u>-87.0%</u></b> | <b><u>17.3</u></b> | <b><u>-88.6%</u></b> |
| Asset Management                    | -2.7              | 11.9               | n.s.                 | 13.6               | n.s.                 |
| Wealth Management                   | 3.6               | 1.9                | +90.2%               | 2.3                | +57.2%               |
| Real Estate Services                | 0.3               | 0.5                | -43.7%               | 0.3                | +15.1%               |
| Insurance                           | 0.8               | 0.9                | -7.0%                | 1.2                | -28.9%               |

## ● In 4Q16

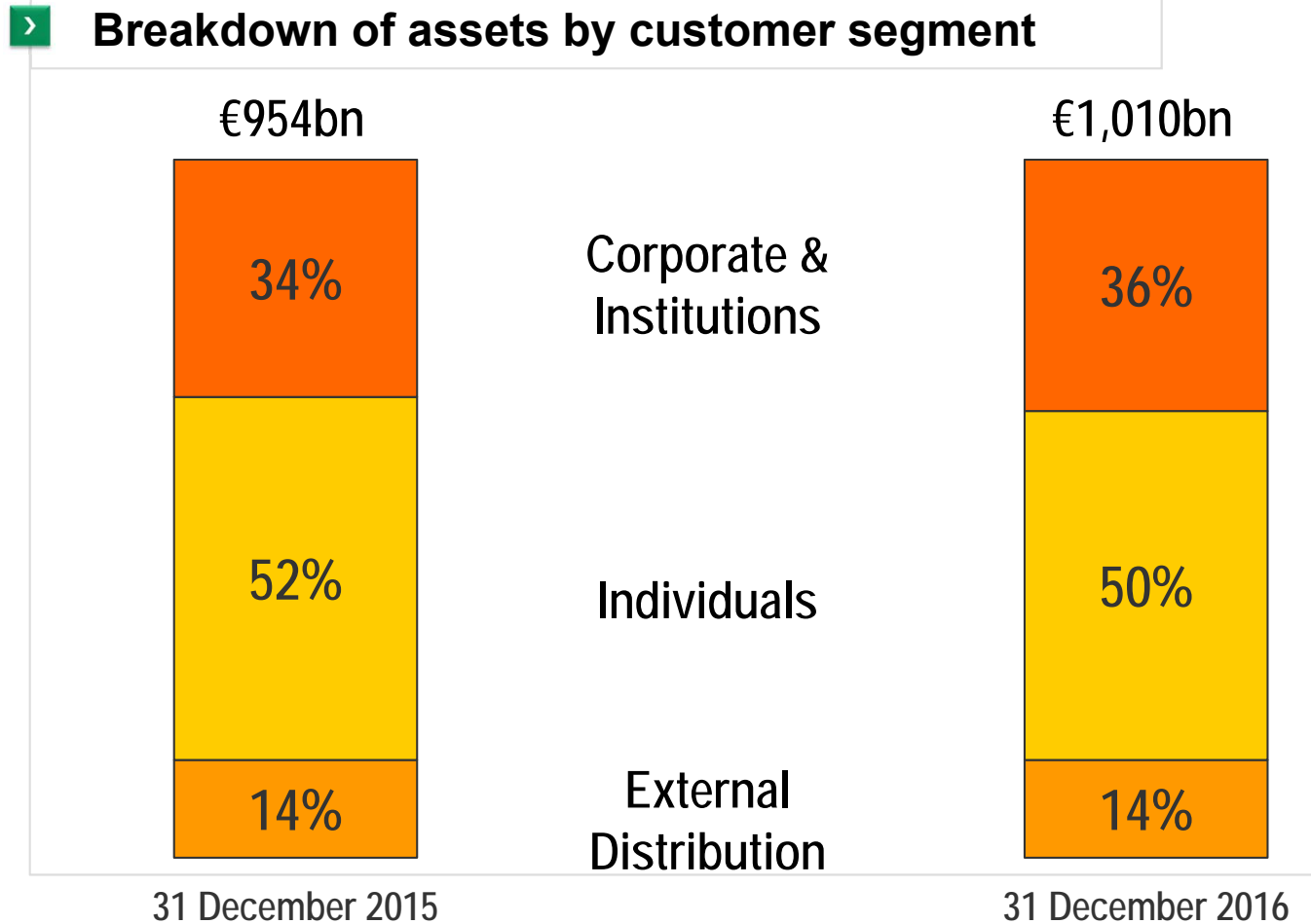
- Positive net asset flows (+€2.0bn) driven by Wealth Management
- Slightly positive performance effect (+€0.4bn)
- Largely positive foreign exchange effect (+€12.6bn)

\* Wealth and Asset Management



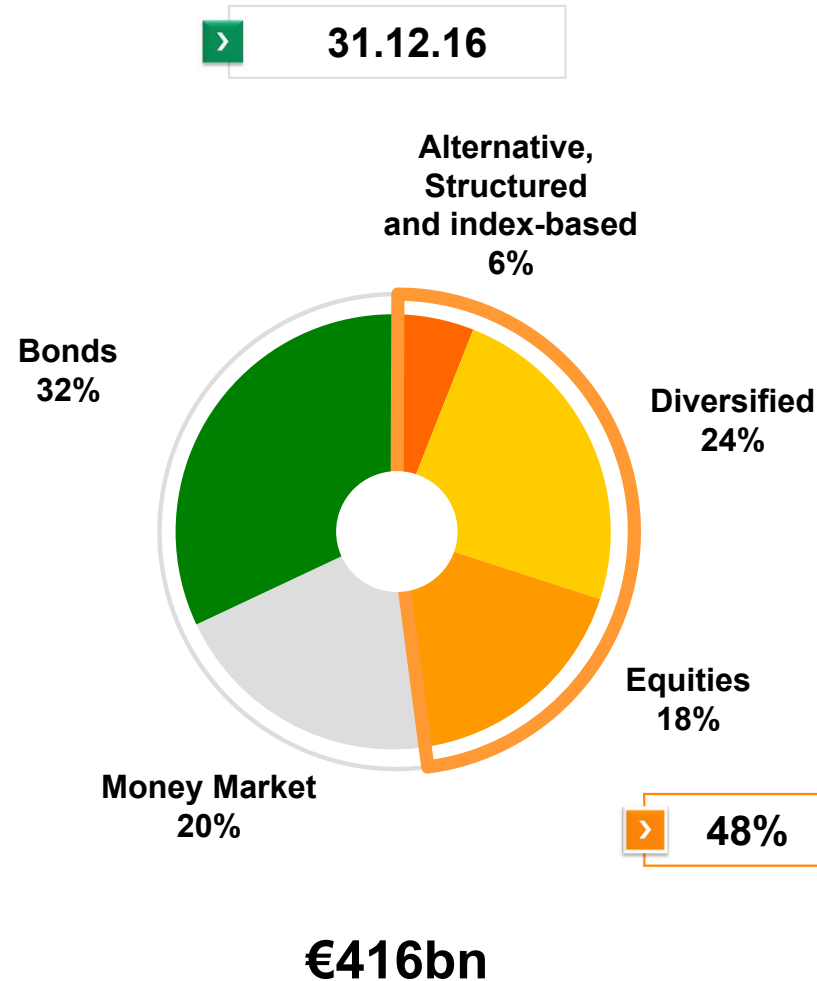
# International Financial Services - Insurance & WAM

## Breakdown of Assets by Customer Segment



# International Financial Services - Asset Management

## Breakdown of Managed Assets



# International Financial Services

## Insurance - 4Q16

| €m  | 4Q16  | 4Q15  | 4Q16 /<br>4Q15 | 3Q16  | 4Q16 /<br>3Q16 | 2016   | 2015   | 2016 /<br>2015 |
|---|-------|-------|----------------|-------|----------------|--------|--------|----------------|
| Revenues                                    | 636   | 604   | +5.3%          | 679   | -6.3%          | 2,382  | 2,320  | +2.7%          |
| Operating Expenses and Dep.                 | -315  | -302  | +4.4%          | -299  | +5.5%          | -1,201 | -1,156 | +3.8%          |
| Gross Operating Income                      | 321   | 302   | +6.3%          | 380   | -15.6%         | 1,181  | 1,164  | +1.5%          |
| Cost of Risk                                | -1    | -4    | -73.7%         | 3     | n.s.           | 2      | -5     | n.s.           |
| Operating Income                            | 320   | 298   | +7.3%          | 383   | -16.5%         | 1,183  | 1,158  | +2.1%          |
| Share of Earnings of Equity-Method Entities | 36    | 40    | -9.7%          | 44    | -17.9%         | 189    | 170    | +10.9%         |
| Other Non Operating Items                   | 0     | -1    | -67.1%         | 0     | n.s.           | -3     | 1      | n.s.           |
| Pre-Tax Income                              | 356   | 337   | +5.4%          | 427   | -16.7%         | 1,369  | 1,329  | +3.0%          |
| Cost/Income                                 | 49.6% | 50.0% | -0.4 pt        | 44.0% | +5.6 pt        | 50.4%  | 49.8%  | +0.6 pt        |
| Allocated Equity (€bn)                      |       |       |                |       |                | 7.5    | 7.4    | +1.3%          |

- Technical reserves: +4.9% vs. 4Q15
- Revenues: +5.3% vs. 4Q15
  - Increase in particular of the protection business in Europe
- Operating expenses: +4.4% vs. 4Q15
  - As a result of business development and higher regulatory costs



# International Financial Services Wealth and Asset Management - 4Q16

| €m  | 4Q16  | 4Q15  | 4Q16 /<br>4Q15 | 3Q16  | 4Q16 /<br>3Q16 | 2016   | 2015   | 2016 /<br>2015 |
|---|-------|-------|----------------|-------|----------------|--------|--------|----------------|
| Revenues                                    | 794   | 789   | +0.5%          | 718   | +10.6%         | 2,977  | 3,012  | -1.2%          |
| Operating Expenses and Dep.                 | -626  | -605  | +3.3%          | -572  | +9.5%          | -2,341 | -2,308 | +1.4%          |
| Gross Operating Income                      | 168   | 184   | -8.7%          | 146   | +14.9%         | 636    | 704    | -9.7%          |
| Cost of Risk                                | -5    | -7    | -21.3%         | 3     | n.s.           | 3      | -25    | n.s.           |
| Operating Income                            | 163   | 177   | -8.3%          | 149   | +9.3%          | 639    | 679    | -5.9%          |
| Share of Earnings of Equity-Method Entities | 13    | 11    | +25.3%         | 12    | +13.2%         | 46     | 43     | +7.3%          |
| Other Non Operating Items                   | 0     | -3    | -100.0%        | 0     | -99.3%         | 0      | 3      | n.s.           |
| Pre-Tax Income                              | 176   | 185   | -5.0%          | 161   | +9.7%          | 685    | 725    | -5.4%          |
| Cost/Income                                 | 78.8% | 76.7% | +2.1 pt        | 79.6% | -0.8 pt        | 78.6%  | 76.6%  | +2.0 pt        |
| Allocated Equity (€bn)                      |       |       |                |       |                | 2.1    | 2.2    | -3.9%          |

- Revenues: +0.5% vs. 4Q15
  - Slight increase driven by Wealth Management
- Operating expenses: +3.3% vs. 4Q15
  - +2.3% vs. 4Q15 excluding the impact of one exceptional item\*
  - Increase related in particular to the development of Wealth Management

\* Restructuring costs (-€7m)



# Corporate and Institutional Banking - 4Q16

| €m  | 4Q16   | 4Q15   | 4Q16 /<br>4Q15 | 3Q16   | 4Q16 /<br>3Q16 | 2016   | 2015   | 2016 /<br>2015 |
|---|--------|--------|----------------|--------|----------------|--------|--------|----------------|
| Revenues                                    | 2,821  | 2,612  | +8.0%          | 2,905  | -2.9%          | 11,469 | 11,506 | -0.3%          |
| Operating Expenses and Dep.                 | -1,914 | -1,976 | -3.2%          | -2,022 | -5.4%          | -8,309 | -8,458 | -1.8%          |
| Gross Operating Income                      | 907    | 636    | +42.6%         | 883    | +2.7%          | 3,160  | 3,049  | +3.6%          |
| Cost of Risk                                | -70    | -63    | +11.4%         | -74    | -5.7%          | -217   | -212   | +2.3%          |
| Operating Income                            | 837    | 574    | +46.0%         | 809    | +3.5%          | 2,943  | 2,836  | +3.8%          |
| Share of Earnings of Equity-Method Entities | 9      | 10     | -17.9%         | 2      | n.s.           | 20     | 34     | -39.8%         |
| Other Non Operating Items                   | -5     | -27    | -80.7%         | 1      | n.s.           | -1     | 127    | n.s.           |
| Pre-Tax Income                              | 841    | 558    | +50.8%         | 812    | +3.6%          | 2,962  | 2,997  | -1.2%          |
| Cost/Income                                 | 67.8%  | 75.6%  | -7.8 pt        | 69.6%  | -1.8 pt        | 72.4%  | 73.5%  | -1.1 pt        |
| Allocated Equity (€bn)                      |        |        |                |        |                | 22.2   | 21.6   | +2.8%          |

- Revenues: +8.0% vs. 4Q15
  - Strong growth at Global Markets (+21.9%), good growth at Securities Services (+7.6%) and decrease at Corporate Banking (-4.9%) compared to a good 4Q15
- Operating expenses: -3.2% vs. 4Q15
  - Effect of the cost saving measures
  - Very good cost control despite business growth



# Corporate and Institutional Banking

## Global Markets - 4Q16

| €m  | 4Q16  | 4Q15  | 4Q16 /<br>4Q15 | 3Q16   | 4Q16 /<br>3Q16 | 2016   | 2015   | 2016 /<br>2015 |
|---|-------|-------|----------------|--------|----------------|--------|--------|----------------|
| Revenues                                    | 1,284 | 1,053 | +21.9%         | 1,490  | -13.8%         | 5,650  | 5,710  | -1.1%          |
| <i>incl. FICC</i>                           | 838   | 682   | +22.9%         | 1,082  | -22.6%         | 3,860  | 3,507  | +10.0%         |
| <i>incl. Equity &amp; Prime Services</i>    | 446   | 371   | +20.2%         | 408    | +9.4%          | 1,791  | 2,203  | -18.7%         |
| Operating Expenses and Dep.                 | -967  | -980  | -1.3%          | -1,065 | -9.2%          | -4,355 | -4,504 | -3.3%          |
| Gross Operating Income                      | 317   | 73    | n.s.           | 425    | -25.5%         | 1,295  | 1,206  | +7.4%          |
| Cost of Risk                                | 44    | 4     | n.s.           | 5      | n.s.           | 72     | -80    | n.s.           |
| Operating Income                            | 361   | 77    | n.s.           | 430    | -16.0%         | 1,367  | 1,125  | +21.5%         |
| Share of Earnings of Equity-Method Entities | -3    | 6     | n.s.           | 5      | n.s.           | 8      | 17     | -51.4%         |
| Other Non Operating Items                   | -8    | -12   | -33.2%         | 0      | n.s.           | -3     | -15    | -77.3%         |
| Pre-Tax Income                              | 350   | 72    | n.s.           | 435    | -19.5%         | 1,372  | 1,127  | +21.7%         |
| Cost/Income                                 | 75.3% | 93.0% | -17.7 pt       | 71.4%  | +3.9 pt        | 77.1%  | 78.9%  | -1.8 pt        |
| Allocated Equity (€bn)                      |       |       |                |        |                | 9.0    | 9.5    | -5.1%          |

- Revenues: +21.9% vs. 4Q15
  - Positive environment this quarter, robust client business
  - Very good growth of FICC driven by rates, credit and bond issues
  - Strong rise of Equity & Prime Services, good volumes growth
- Operating expenses: -1.3% vs. 4Q15
  - Positive effect of cost saving measures
  - Good cost control despite business growth
- Cost of risk: positive impact of net write-backs this quarter

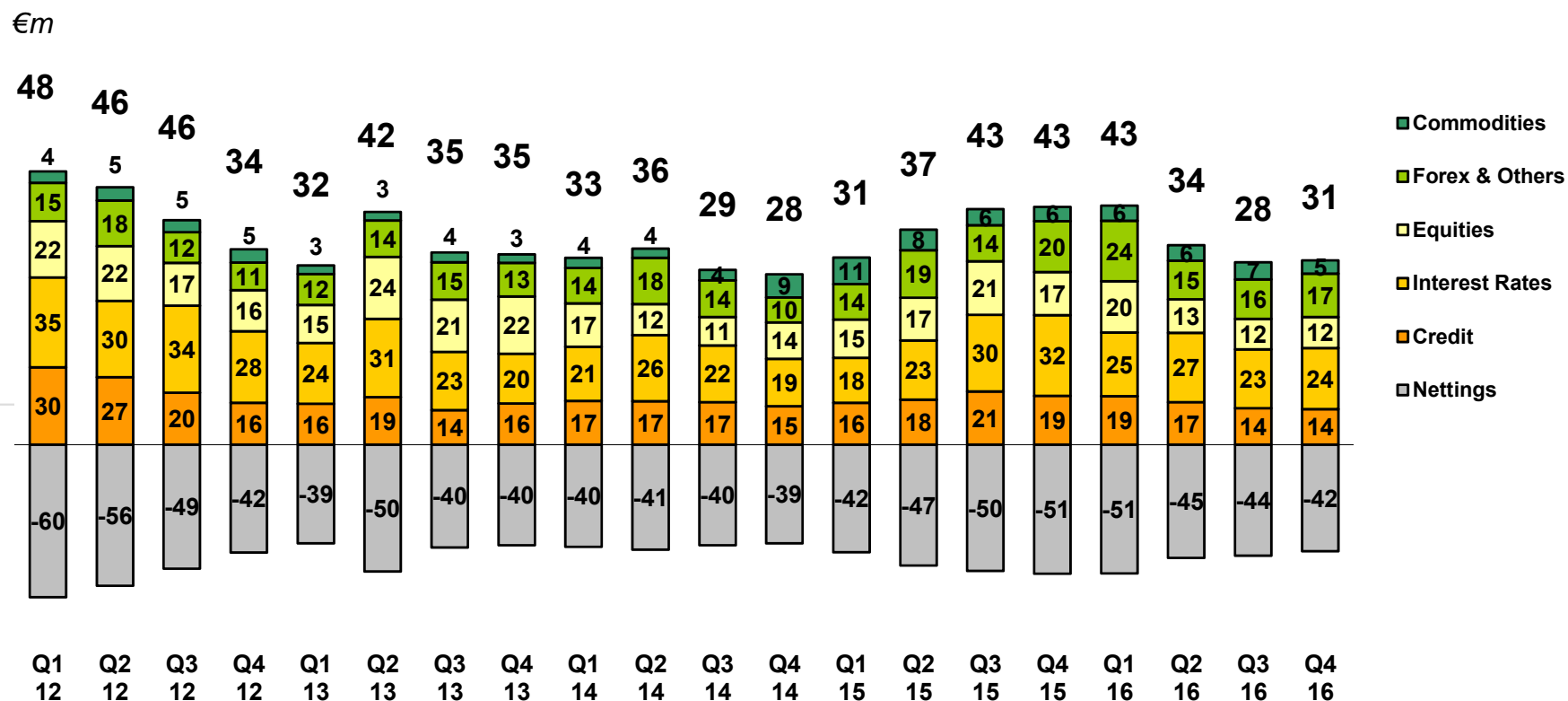




# Corporate and Institutional Banking

## Market Risks - 4Q16

### > Average 99% 1-day interval VaR



- VaR still at a very low level this quarter\*

- One backtesting event this quarter (“hypothetical” loss\*\* greater than VaR)
- Reminder: only 15 days of losses greater than VaR since 01.01.2007, i.e. less than 2 per year over a long period including the financial crisis, which confirms the soundness of the internal VaR calculation model (1 day, 99%)

\* VaR calculated for the monitoring of market limits; \*\* Theoretical loss excluding intraday result, costs and commissions earned



# Corporate and Institutional Banking

## Corporate Banking - 4Q16

| €m                          | 4Q16  | 4Q15  | 4Q16 /<br>4Q15 | 3Q16  | 4Q16 /<br>3Q16 | 2016   | 2015   | 2016 /<br>2015 |
|-----------------------------|-------|-------|----------------|-------|----------------|--------|--------|----------------|
| Revenues                    | 1,071 | 1,126 | -4.9%          | 958   | +11.8%         | 3,994  | 4,007  | -0.3%          |
| Operating Expenses and Dep. | -567  | -606  | -6.5%          | -591  | -4.0%          | -2,451 | -2,470 | -0.8%          |
| Gross Operating Income      | 504   | 520   | -3.1%          | 368   | +37.1%         | 1,544  | 1,536  | +0.5%          |
| Cost of Risk                | -115  | -69   | +67.1%         | -79   | +46.2%         | -292   | -138   | n.s.           |
| Operating Income            | 388   | 451   | -13.8%         | 289   | +34.6%         | 1,251  | 1,398  | -10.5%         |
| Non Operating Items         | 14    | -10   | n.s.           | -3    | n.s.           | 13     | 159    | -91.7%         |
| Pre-Tax Income              | 402   | 441   | -8.7%          | 286   | +40.9%         | 1,265  | 1,558  | -18.8%         |
| Cost/Income                 | 52.9% | 53.8% | -0.9 pt        | 61.6% | -8.7 pt        | 61.4%  | 61.7%  | -0.3 pt        |
| Allocated Equity (€bn)      |       |       |                |       |                | 12.4   | 11.4   | +8.7%          |

- Revenues: -4.9% vs. 4Q15
  - Decrease in Europe and in North America compared to a very good level in 4Q15 in which significant transactions had been booked, growth in Asia Pacific region
- Operating expenses: -6.5% vs. 4Q15
  - Effect of the cost saving measures
- Cost of risk
  - Impact of a specific file this quarter



# Corporate and Institutional Banking Securities Services - 4Q16

| €m                          | 4Q16  | 4Q15  | 4Q16 /<br>4Q15 | 3Q16  | 4Q16 /<br>3Q16 | 2016   | 2015   | 2016 /<br>2015 |
|-----------------------------|-------|-------|----------------|-------|----------------|--------|--------|----------------|
| Revenues                    | 466   | 433   | +7.6%          | 457   | +1.9%          | 1,824  | 1,790  | +1.9%          |
| Operating Expenses and Dep. | -380  | -390  | -2.6%          | -367  | +3.5%          | -1,503 | -1,483 | +1.3%          |
| Gross Operating Income      | 86    | 43    | n.s.           | 90    | -4.6%          | 321    | 307    | +4.8%          |
| Cost of Risk                | 2     | 3     | -35.6%         | 0     | n.s.           | 3      | 6      | -46.5%         |
| Operating Income            | 87    | 45    | +93.3%         | 90    | -3.0%          | 324    | 312    | +3.8%          |
| Non Operating Items         | 1     | 0     | n.s.           | 1     | -11.4%         | 1      | -1     | n.s.           |
| Pre-Tax Income              | 88    | 45    | +94.7%         | 91    | -3.1%          | 325    | 312    | +4.4%          |
| Cost/Income                 | 81.6% | 90.1% | -8.5 pt        | 80.3% | +1.3 pt        | 82.4%  | 82.9%  | -0.5 pt        |
| Allocated Equity (€bn)      |       |       |                |       |                | 0.8    | 0.7    | +13.1%         |

|                                   | 31.12.16 | 31.12.15 | %Var/<br>31.12.15 | 30.09.16 | %Var/<br>30.09.16 |
|-----------------------------------|----------|----------|-------------------|----------|-------------------|
| <b>Securities Services</b>        |          |          |                   |          |                   |
| Assets under custody (€bn)        | 8,610    | 8,068    | +6.7%             | 8,521    | +1.0%             |
| Assets under administration (€bn) | 1,962    | 1,848    | +6.2%             | 1,934    | +1.5%             |
|                                   | 4Q16     | 4Q15     | 4Q16/4Q15         | 3Q16     | 4Q16/3Q16         |
| Number of transactions (million)  | 21.8     | 18.9     | +15.2%            | 20.4     | +6.9%             |

- Revenues: +7.6% vs. 4Q15
  - In connection with the growth in outstandings and transaction volumes
- Operating expenses: -2.6% vs. 4Q15
  - Effect of the cost saving measures



# Corporate and Institutional Banking Transactions - 4Q16

|   |   |
|---|---|
| <br><b>DANONE</b>                            | <p><b>France / USA: Danone</b><br/> In the context of the USD 12.5bn planned acquisition of WhiteWave Foods:<br/> - Bookrunner, MLA and Underwriter of the USD 13.1bn bridge-to-bond<br/> - Joint Global Coordinator of EUR 6.2bn and USD 5.5bn bond issues<br/> <i>July &amp; October 2016</i></p> |
| <br><b>SCOR</b><br>The Art & Science of Risk | <p><b>France: SCOR</b><br/> EUR 300m 3-year Contingent Capital Equity Line<br/> Sole Structurer and Sole Underwriter<br/> <i>December 2016</i></p>  |
| <br><b>SIEMENS</b>                           | <p><b>Germany / USA: Siemens</b><br/> USD 4.5bn planned acquisition of <b>Mentor Graphics Corp.</b><br/> Financial Advisor<br/> <i>November 2016</i></p>  |
| <br><b>ups</b>                             | <p><b>USA: UPS</b><br/> EUR 500m 12-year senior unsecured bond issue<br/> Active Bookrunner<br/> <i>October 2016</i></p>  |

|   |   |
|---|---|
| <br><b>ICBC 工银租赁</b>           | <p><b>China: ICBC Financial Leasing Company Limited</b><br/> USD 1.4bn dual-tranche bond issuance,<br/> 1<sup>st</sup> bond mandate from a Chinese Bank's on-shore leasing company<br/> Joint Global Coordinator / Joint Bookrunner / Joint Lead Manager<br/> <i>October 2016</i></p> |
| <br><b>SAUDI ARABIA</b>        | <p><b>Saudi Arabia: The Kingdom of Saudi Arabia</b><br/> USD 17.5bn multi-tranche inaugural issuance<br/> Joint Bookrunner and Joint Lead Manager<br/> <i>October 2016</i></p>  |
| <br><b>GEOX</b>                | <p><b>Italy: Geox</b><br/> EUR 70m Supplier Finance Programme, to support Geox's supplier base and to optimize its payment terms.<br/> <i>November 2016</i></p>   |
| <br><b>CNP</b><br>assurances | <p><b>France: CNP Assurances</b><br/> EUR 1bn Tier 3 bond, maturity 2022<br/> First EUR insurance Tier 3 ever and First publicly placed<br/> Awarded Insurance "Deal of the year" by Global Capital<br/> Sole Structuring Advisor and Joint Bookrunner<br/> <i>October 2016</i></p>   |



# Corporate and Institutional Banking Ranking and Awards - 2016

- **World's Best Bank 2016** (*Euromoney, September 2016*)
- **Global Markets:**
  - Euro Bond House of the Year, Europe IG Corporate Bond House of the Year (*IFR Awards, December 2016*)
  - #1 All bonds in EUR and #1 Corporate bonds in EUR (*Dealogic, 2016*)
  - #9 All International bonds All Currencies (*Dealogic, 2016*)
  - Equity Derivatives House of the Year (*IFR Awards, December 2016*)
  - Institutional Structurer of the Year, Retail Structurer of the Year (*Structured Products Awards Europe, 2016*)
- **Securities Services:**
  - Best Provider of ESG Investor Services (*Global Custodian Industry Leaders Awards, 2016*)
- **Corporate Banking:**
  - #1 EMEA Syndicated Loan Bookrunner by volume and number of deals (*Dealogic, 2016*)
  - Aviation House of the Year (*Global Transport Finance, 2016*)
  - Global Best Trade Finance Bank (*Global Finance World's Best Trade Finance Providers, 2017*)
  - Global Bank of the Year for Financial Supply Chain Management (*TMI Awards for Innovation & Excellence, 2016*)
  - #1 EMEA Equity-Linked Bookrunner by number of deals and # 2 by volume (*Dealogic, 2016*)
  - #8 Global Equity-Linked and #10 EMEA All ECM Bookrunner by volume (*Dealogic, 2016*)



# Corporate Centre - 4Q16

| €m  | 4Q16 | 4Q15 | 3Q16 | 2016   | 2015   |
|---|------|------|------|--------|--------|
| Revenues  | 70   | 151  | -45  | 1,294  | 910    |
| Operating Expenses and Dep.                                       | -330 | -381 | -381 | -1,189 | -1,336 |
| <i>Incl. Restructuring and Transformation Costs</i>               | -154 | -286 | -253 | -561   | -793   |
| Gross Operating income  | -260 | -230 | -426 | 105    | -426   |
| Cost of Risk  | -56  | -24  | 13   | -39    | -51    |
| Costs related to the comprehensive settlement with US authorities | 0    | -100 | 0    | 0      | -100   |
| Operating Income  | -316 | -354 | -413 | 66     | -577   |
| Share of Earnings of Equity-Method Entities                       | 13   | 5    | 22   | 83     | 46     |
| Other non operating items   | -136 | -622 | 0    | -204   | -125   |
| Pre-Tax Income  | -440 | -970 | -391 | -55    | -656   |

## ● Revenues

- Own Credit Adjustment (OCA)\* and own credit risk included in derivatives (DVA)\*: -€18m (+€160m in 4Q15)
- Good contribution of Principal Investments

## ● Operating expenses

- Restructuring costs of the acquisitions (LaSer, Bank BGZ, DAB Bank, GE LLD): -€48m (-€54m in 4Q15)
- CIB transformation costs: -€98m (€0m in 4Q15)
- Exceptional restructuring costs: -€7m (€0m in 4Q15)
- Reminder: Simple & Efficient transformation costs: €0m (-€232m in 4Q15)

## ● Other non operating elements

- Goodwill impairments: -€127m, full goodwill impairment of BGZ (-€993m in 4Q15, of which -€917m due to full goodwill impairment of BNL bc)
- Reminder: sale of the stake in Klépierre-Corio in 4Q15: +€352m

\* Fair value takes into account any change in value attributable to issuer risk relating to the BNP Paribas Group. It is the replacement value of instruments, calculated by discounting the expected liabilities' profile, stemming from derivatives or securities issued by the Bank, using a discount rate corresponding to that of a similar instrument that could be issued by the BNP Paribas Group at the closing date



# Corporate Centre - 2016

## ● Revenues

- Capital gain on the sale of Visa Europe shares: +€597m
- Own Credit Adjustment (OCA)\* and own credit risk included in derivatives (DVA)\*: -€59m (+€314m in 2015)
- Very good contribution of Principal Investments

## ● Operating expenses

- Restructuring costs related to the acquisitions (LaSer, Bank BGZ, DAB Bank and GE LLD): -€159m (-€171m in 2015)
- CIB transformation costs: -€395m (€0m in 2015)
- Exceptional restructuring costs: -€7m (€0m in 2015)
- Reminder: Simple & Efficient transformation costs: €0m (-€622m in 2015)

## ● Other non operating items

- Goodwill impairments of subsidiaries' shares: -€181m, of which -€127m for the full goodwill impairment of BGZ (-€993m in 2015, of which -€917m for the full goodwill impairment of BNL bc)
- 2015 reminders:
  - Sale of the stake in Klépierre-Corio: +€716m
  - Dilution capital gain due to the merger between Klépierre and Corio: +€123m
  - Capital gain from the sale of a non-core investment: +€20m (€74m at CIB-Corporate Banking)

\* Fair value takes into account any change in value attributable to issuer risk relating to the BNP Paribas Group. It is the replacement value of instruments, calculated by discounting the expected liabilities' profile, stemming from derivatives or securities issued by the Bank, using a discount rate corresponding to that of a similar instrument that could be issued by the BNP Paribas Group at the closing date



**Group Results**

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**Division Results**

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**Success of the 2014-2016 Business Development Plan**

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**2020 Business Development Plan**

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**4Q16 Detailed Results**

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**Appendix**

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# Number of Shares and Earnings per Share

## > Number of Shares

| <i>in millions</i>   | 31-Dec-16 | 31-Dec-15 |
|--|-----------|-----------|
| Number of Shares (end of period)                               | 1,247     | 1,246     |
| Number of Shares excluding Treasury Shares (end of period)     | 1,246     | 1,245     |
| Average number of Shares outstanding excluding Treasury Shares | 1,244     | 1,243     |

## > Earnings per Share

| <i>in millions</i>   | 2016  | 2015  |
|--|-------|-------|
| Average number of Shares outstanding excluding Treasury Shares   | 1,244 | 1,243 |
| Net income attributable to equityholders   | 7,702 | 6,694 |
| Remuneration net of tax of Undated Super Subordinated Notes  | -357  | -282  |
| Exchange rate effect on reimbursed Undated Super Subordinated Notes  | 125   | -27   |
| Net income attributable to equity holders, after remuneration and exchange rate effect on Undated Super Subordinated Notes | 7,470 | 6,385 |
| Net Earnings per Share (EPS) in euros  | 6.00  | 5.14  |



# Capital Ratios, Book Value per Share and Permanent Shareholders' Equity

## > Capital Ratios

|                                | 31-Dec-16 | 31-Dec-15 |
|--------------------------------|-----------|-----------|
| Total Capital Ratio (a)        | 14.5%     | 13.6%     |
| Tier 1 Ratio (a)               | 12.9%     | 12.2%     |
| Common equity Tier 1 ratio (a) | 11.6%     | 11.0%     |

(a) Basel 3 (CRD4), taking into consideration CRR transitory provisions (but with full deduction of goodwill), on risk-weighted assets of €630 bn as at 31.12.15 and of €638 bn as at 31.12.16. Subject to the provisions of article 26.2 of (EU) regulation n° 575/2013. As at 31.12.16, the capital surplus of the financial conglomerate was estimated at €33.5bn

## > Book Value per Share

|  |           |           |             |
|--|-----------|-----------|-------------|
| <i>in millions of euros</i>  | 31-Dec-16 | 31-Dec-15 |             |
| Shareholders' Equity Group share   | 100,665   | 96,269    | (1)         |
| of which changes in assets and liabilities recognised directly in equity (valuation reserve) | 6,169     | 6,736     |             |
| of which Undated Super Subordinated Notes  | 8,430     | 7,855     | (2)         |
| of which remuneration net of tax payable to holders of Undated Super Subordinated Notes      | 91        | 99        | (3)         |
| Net Book Value (a)   | 92,144    | 88,315    | (1)-(2)-(3) |
| Goodwill and intangibles   | 13,218    | 13,421    |             |
| Tangible Net Book Value (a)  | 78,926    | 74,894    |             |
| Number of Shares excluding Treasury Shares (end of period) in millions                       | 1,246     | 1,245     |             |
| Book Value per Share (euros)   | 73.9      | 70.9      |             |
| of which book value per share excluding valuation reserve (euros)                            | 69.0      | 65.5      |             |
| Net Tangible Book Value per Share (euros)  | 63.3      | 60.2      |             |

(a) Excluding Undated Super Subordinated Notes and remuneration net of tax payable to holders of Undated Super Subordinated Notes

## > Permanent Shareholders' Equity Group share, not revaluated

|  |           |           |             |
|--|-----------|-----------|-------------|
| <i>in millions of euros</i>  | 31-Dec-16 | 31-Dec-15 |             |
| Net Book Value   | 92,144    | 88,315    | (1)         |
| of which changes in assets and liabilities recognised directly in equity (valuation reserve) | 6,169     | 6,736     | (2)         |
| of which proposed distribution of dividends  | 3,364     | 2,875     | (3)         |
| Permanent shareholders' equity, not revaluated (a)   | 82,611    | 78,704    | (1)-(2)-(3) |
| Tangible permanent shareholders' equity, not revaluated (a)                                  | 69,393    | 65,283    |             |

(a) Excluding Undated Super Subordinated Notes, remuneration net of tax payable to holders of Undated Super Subordinated Notes and after proposed distribution of dividends



# Return on Equity

## > Calculation of Return on Equity

| <i>in millions of euros</i>  | 31-Dec-16     | 31-Dec-15     |
|--|---------------|---------------|
| <b>Net income Group share</b>  | <b>7,702</b>  | <b>6,694</b>  |
| Remuneration net of tax of Undated Super Subordinated Notes                | -357          | -282          |
| Exchange rate effect on reimbursed Undated Super Subordinated Notes        | 125           | -27           |
| <b>Net income Group share used for the calculation of ROE / ROTE</b>       | <b>7,470</b>  | <b>6,385</b>  |
| Exceptional items (after tax) (a)  | -100          | -644          |
| <b>Average permanent shareholders' equity, not revaluated (b)</b>          | <b>80,657</b> | <b>76,772</b> |
| <b>Return on Equity</b>  | <b>9.3%</b>   | <b>8.3%</b>   |
| <b>Return on Equity excluding exceptional items</b>                        | <b>9.4%</b>   | <b>9.2%</b>   |
| <b>Average tangible permanent shareholders' equity, not revaluated (c)</b> | <b>67,338</b> | <b>63,298</b> |
| <b>Return on Tangible Equity</b>   | <b>11.1%</b>  | <b>10.1%</b>  |
| <b>Return on Tangible Equity excluding exceptional items</b>               | <b>11.2%</b>  | <b>11.1%</b>  |

a) See slides 5 of FY 2016 results and of FY 2015 results

b) Average Permanent shareholders' equity: average of beginning of the year and end of the period, including notably net income excluding exceptional items.  
(Permanent Shareholders' equity = Shareholders' equity attributable to shareholders - changes in assets and liabilities recognised directly in equity - Undated Super Subordinated Notes - remuneration net of tax payable to holders of Undated Super Subordinated Notes - proposed distribution of dividends)

c) Average Tangible permanent shareholders' equity: average of beginning of the year and end of the period including notably net income excluding exceptional items.  
(Tangible permanent shareholders' equity = permanent shareholders' equity - goodwill - intangible assets)



# A Solid Financial Structure

## > Doubtful loans/gross outstandings

|   | 31-Dec-16 | 31-Dec-15 |
|---|-----------|-----------|
| <b>Doubtful loans (a) / Loans (b)</b>   | 3.8%      | 4.0%      |
| (a) Doubtful loans to customers and credit institutions excluding repos, netted of guarantees |           |           |
| (b) Gross outstanding loans to customers and credit institutions excluding repos              |           |           |

## > Coverage ratio

| €bn   | 31-Dec-16 | 31-Dec-15 |
|---|-----------|-----------|
| <b>Doubtful loans (a)</b>   | 31.2      | 30.7      |
| <b>Allowance for loan losses (b)</b>  | 27.8      | 26.9      |
| <b>Coverage ratio</b>   | 89%       | 88%       |
| (a) Gross doubtful loans, balance sheet and off-balance sheet, netted of guarantees and collaterals |           |           |
| (b) Specific and on a portfolio basis   |           |           |

## > Immediately available liquidity reserve

| €bn   | 31-Dec-16 | 31-Dec-15 |
|---|-----------|-----------|
| <b>Immediately available liquidity reserve (counterbalancing capacity) (a)</b>  | 305       | 266       |
| (a) Liquid market assets or eligible to central banks taking into account prudential standards, notably US standards, minus intra-day payment systems needs |           |           |



# Ratio Common Equity Tier 1

## > Basel 3 fully loaded common equity Tier 1 ratio\* (Accounting capital to prudential capital reconciliation)

| €bn  | 31-Dec-16    | 30-Sep-16    | 31-Dec-15    |
|--|--------------|--------------|--------------|
| <b>Consolidated Equity</b>                             | <b>105.2</b> | <b>103.2</b> | <b>100.1</b> |
| Undated super subordinated notes                       | -8.4         | -7.7         | -7.9         |
| Proposed distribution of dividends                     | -3.4**       | -2.7         | -2.9         |
| Regulatory adjustments on equity***                    | -1.8         | -2.9         | -2.8         |
| Regulatory adjustments on minority interests           | -2.6         | -2.4         | -2.1         |
| Goodwill and intangible assets                         | -13.4        | -13.2        | -13.5        |
| Deferred tax assets related to tax loss carry forwards | -0.9         | -0.9         | -1.0         |
| Other regulatory adjustments                           | -1.1         | -1.1         | -1.0         |
| <b>Common Equity Tier One capital</b>                  | <b>73.6</b>  | <b>72.2</b>  | <b>68.9</b>  |
| <b>Risk-weighted assets</b>                            | <b>641</b>   | <b>633</b>   | <b>634</b>   |
| <b>Common Equity Tier 1 Ratio</b>                      | <b>11.5%</b> | <b>11.4%</b> | <b>10.9%</b> |

\* CRD4, taking into account all the rules of the CRD4 with no transitory provisions. Subject to the provisions of article 26.2 of (EU) regulation n°575/2013;  
 \*\* Subject to the approval of AGM of 23 May 2017; \*\*\* Including Prudent Valuation Adjustment

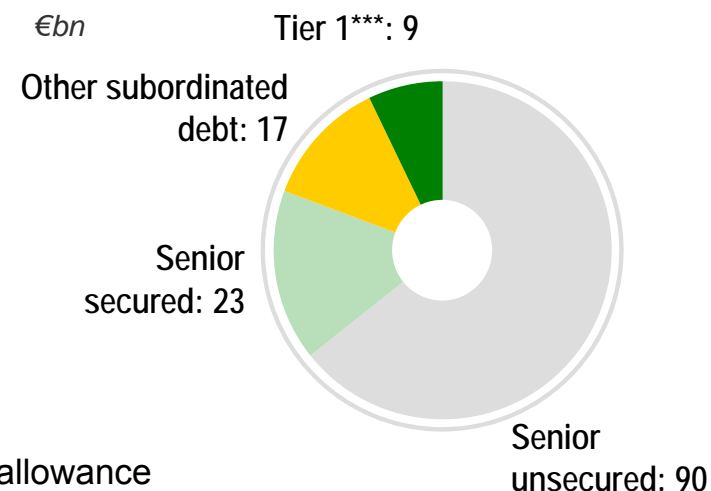


# Wholesale Medium/Long-Term Funding 2016 Programme

## > 2016: €25bn MLT funding programme completed

- Additional Tier 1: €2.0bn issued\*
  - \$750m issued on 7 December 2016, perpetual Non Call 5.25, 6.75% coupon, over \$5bn order book, 364 investors
  - Reminder: \$1.5bn AT1 issued on 23 March 2016, perpetual Non Call 5, 7.625% coupon, 325 investors
- Tier 2: €4.5bn issued\*
  - Mid-swap +198 bp on average, average maturity of 10.3 years\*\*
- Senior debt: €18.5bn issued\*
  - Average maturity of 5.8 years, mid-swap +51 bp on average
  - Of which €6.8bn of senior unsecured debt eligible to the 2.5% MREL allowance as at 01.01.2019
  - Of which €500m issued in covered bond at 7 years, mid-swap -10 bp by BNP Paribas Fortis in October 2016
  - Of which €500m inaugural issuance of green bond at 5.5 years, mid-swap +40 pb, in November 2016

## > Wholesale MLT funding structure breakdown: €139bn as at 31.12.16 (excluding TLTRO)



**2016 issuance programme completed  
at favourable conditions**

*\* As at 31 December 2016; \*\* Including the Tier 2 prefunding of €750m issued in November 2015; \*\*\* Debt qualified prudentially as Tier 1 booked as subordinated debt or as equity*



# Wholesale Medium/Long-Term Funding 2017 Programme

## > 2017: €25bn MLT funding programme

- Of which issues of capital instruments to be carried out with a total target objective of 3% by 2020\*
- Of which non-preferred senior debt: €10bn (€2.7bn already completed as at 3 January 2017)
  - Inaugural issue of \$1.75bn in non-preferred senior debt, maturity of 7 years, T + 160 bp, order book of over \$5.5bn
  - Inaugural issue of €1.0bn in non-preferred senior debt, maturity of 6.75 years, mid-swap + 92 bp, order book of over €2.6bn
- Remaining part of the programme to be completed with structured products and, to a lesser extent, with covered bonds

Evolution of existing Tier 1 and Tier 2 debt (outstanding as at 01.01.17; eligible or admitted to grandfathering)\*\*

| <i>in €bn</i> | 01.01.17 | 01.01.2018 | 01.01.2019 |
|---------------|----------|------------|------------|
| AT1           | 9        | 8          | 7          |
| T2            | 13       | 12         | 12         |

## > Success of both inaugural issues of non-preferred senior debt

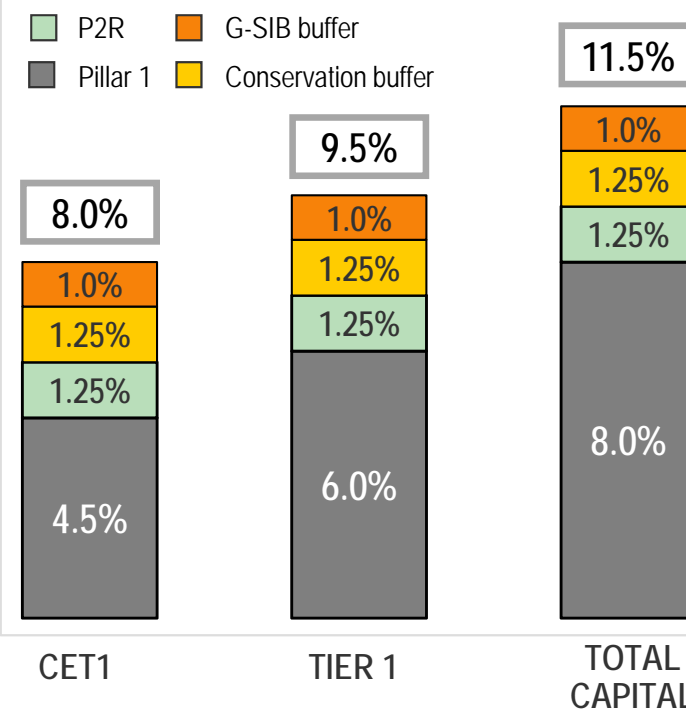
*\* Subject to market conditions; \*\* Evolution taking into account prudential amortisation of instruments outstanding as at 01.01.17, excluding future issuances, assuming callable institutional instruments are called at the first call date*



# Distance to Maximum Distributable Amount Restrictions

- Reminder: since 2016 SREP, Pillar 2 is composed of:
  - “Pillar 2 Requirement ” (public), applicable to CET1, Tier 1 and Total Capital ratios
  - “Pillar 2 Guidance” (non public), non applicable for distributable amount restrictions (MDA - Maximum Distributable Amount\*)
- 2017 Capital requirements:
  - CET1: 8.0%
  - Tier 1: 9.5%
  - Total Capital: 11.5%
- Distance as at 01.01.17 to Maximum Distributable Amount\* restrictions equal to the lowest of the 3 calculated amounts: €19.1bn

## > Capital requirements as at 01.01.17



|   |                 |                 |                 |
|---|-----------------|-----------------|-----------------|
| Phased in ratios of BNP Paribas as at 31.12.2016                        | 11.6%           | 12.9%           | 14.5%           |
| Distance** as at 01.01.17 to Maximum Distributable Amount* restrictions | 3.6%<br>€23.0bn | 3.4%<br>€21.5bn | 3.0%<br>€19.1bn |



\* As defined by the Art. 141 of CRD4; \*\* Calculated on the basis of RWA of €638bn (phased in)

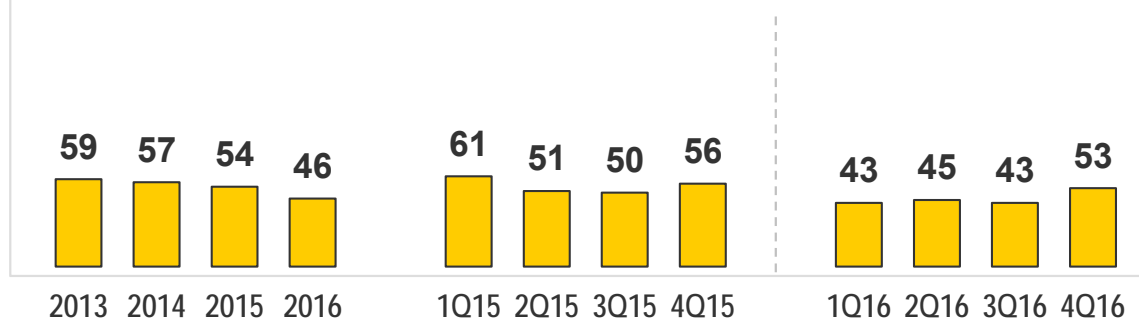




# Variation in the Cost of Risk by Business Unit (1/3)

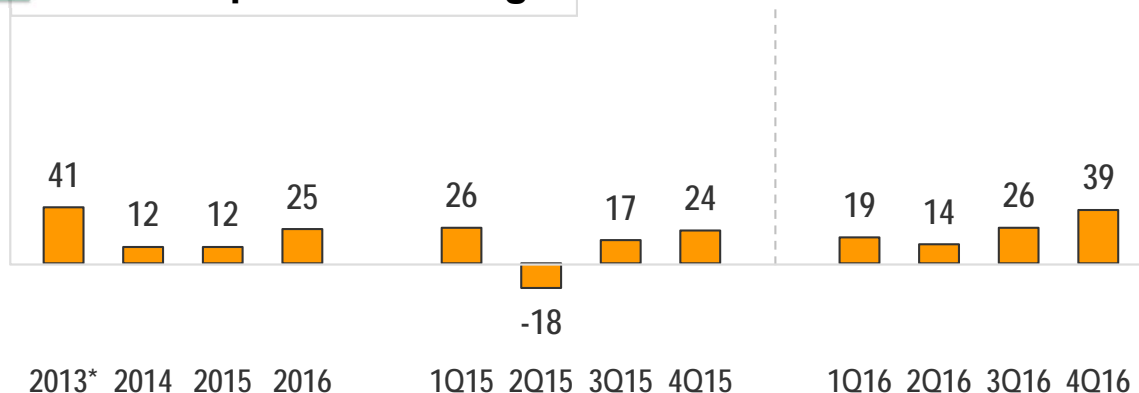
Cost of risk/Customer loans at the beginning of the period (in annualised bp)

## > Group



- Cost of risk: €950m
  - +€186m vs. 3Q16
  - -€18m vs. 4Q15
- Decrease in the cost of risk vs. 4Q15

## > CIB - Corporate Banking



- Cost of risk: €115m
  - +€37m vs. 3Q16
  - +€46m vs. 4Q15
- Cost of risk still low
  - Impact of a specific file

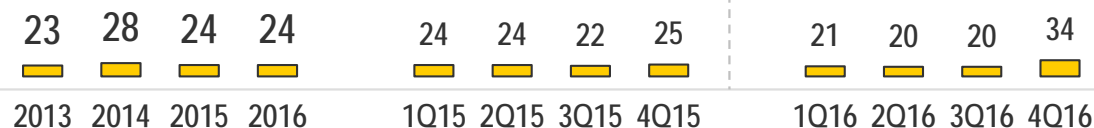
\* Restated



# Variation in the Cost of Risk by Business Unit (2/3)

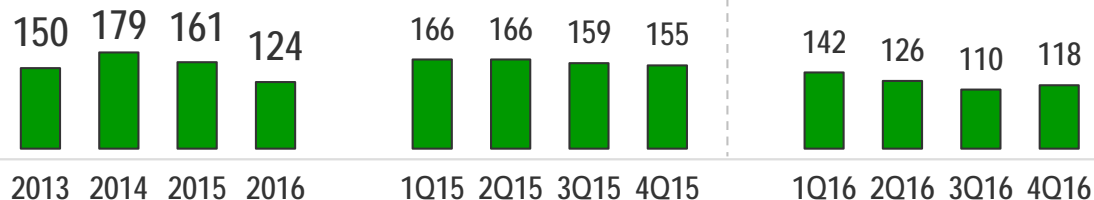
Cost of risk/Customer loans at the beginning of the period (in annualised bp)

## > FRB



- Cost of risk: €124m
  - +€53m vs. 3Q16
  - +€37m vs. 4Q15
- Cost of risk still low
  - Impact of a specific file

## > BNL bc



- Cost of risk: €229m
  - +€14m vs. 3Q16
  - -€72m vs. 4Q15
- Continued decrease in the cost of risk

## > BRB



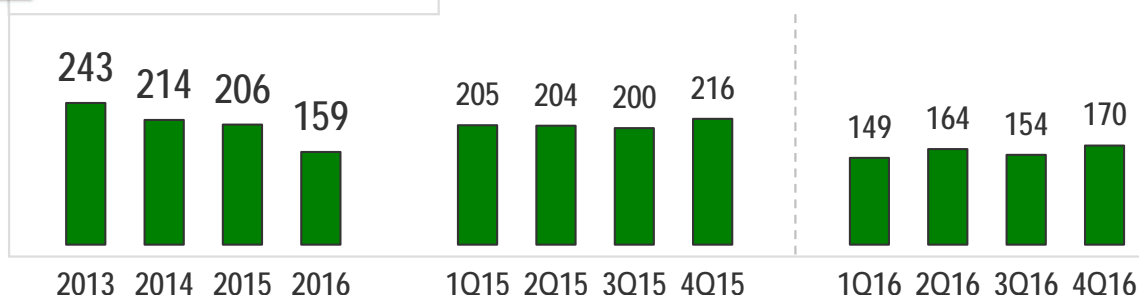
- Cost of risk: €9m
  - -€10m vs. 3Q16
  - -€43m vs. 4Q15
- Very low cost of risk



# Variation in the Cost of Risk by Business Unit (3/3)

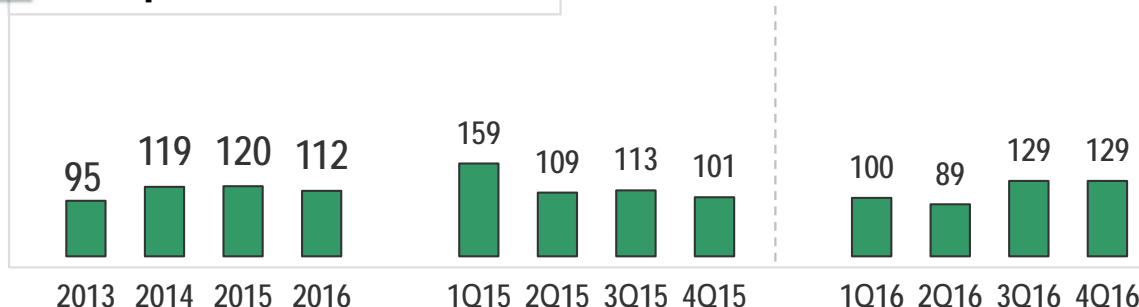
Cost of risk/Customer loans at the beginning of the period (in annualised bp)

## > Personal Finance



- Cost of risk: €269m
  - +€29m vs. 3Q16
  - -€39m vs. 4Q15
- Sharp decline in the cost of risk vs. 4Q15
  - Effect of low interest rates and the growing positioning on products with a better risk profile (car loans in particular)

## > Europe-Mediterranean



- Cost of risk: €127m
  - Stable vs. 3Q16
  - +€31m vs. 4Q15
- Rise in the cost of risk in Turkey (~stable vs. 3Q16)

## > BancWest



- Cost of risk: €23m
  - +€9m vs. 3Q16
  - +€27m vs. 4Q15
- Cost of risk still low



# Cost of Risk on Outstandings (1/2)

## > Cost of risk/Customer loans at the beginning of the period *(in annualised bp)*

|   | 2013  | 2014  | 1Q15  | 2Q15  | 3Q15  | 4Q15  | 2015  | 1Q16  | 2Q16  | 3Q16  | 4Q16  | 2016  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Domestic Markets*</b>                              |       |       |       |       |       |       |       |       |       |       |       |       |
| Loan outstandings as of the beg. of the quarter (€bn) | 340.5 | 335.2 | 338.4 | 338.3 | 341.5 | 338.4 | 339.2 | 341.4 | 341.1 | 347.2 | 348.0 | 344.4 |
| Cost of risk (€m)                                     | 1,848 | 2,074 | 490   | 433   | 419   | 471   | 1,812 | 399   | 388   | 329   | 399   | 1,515 |
| Cost of risk (in annualised bp)                       | 54    | 62    | 58    | 51    | 49    | 56    | 53    | 47    | 46    | 38    | 46    | 44    |
| <b>FRB*</b>   |       |       |       |       |       |       |       |       |       |       |       |       |
| Loan outstandings as of the beg. of the quarter (€bn) | 147.1 | 143.4 | 145.6 | 145.2 | 146.1 | 142.1 | 144.7 | 142.9 | 142.0 | 145.4 | 146.8 | 144.3 |
| Cost of risk (€m)                                     | 343   | 402   | 89    | 87    | 79    | 88    | 343   | 73    | 72    | 72    | 124   | 342   |
| Cost of risk (in annualised bp)                       | 23    | 28    | 24    | 24    | 22    | 25    | 24    | 21    | 20    | 20    | 34    | 24    |
| <b>BNL bc*</b>  |       |       |       |       |       |       |       |       |       |       |       |       |
| Loan outstandings as of the beg. of the quarter (€bn) | 80.1  | 78.1  | 77.5  | 76.8  | 77.6  | 77.6  | 77.4  | 77.3  | 76.9  | 78.1  | 77.4  | 77.4  |
| Cost of risk (€m)                                     | 1,205 | 1,398 | 321   | 318   | 309   | 300   | 1,248 | 274   | 242   | 215   | 229   | 959   |
| Cost of risk (in annualised bp)                       | 150   | 179   | 166   | 166   | 159   | 155   | 161   | 142   | 126   | 110   | 118   | 124   |
| <b>BRB*</b>   |       |       |       |       |       |       |       |       |       |       |       |       |
| Loan outstandings as of the beg. of the quarter (€bn) | 87.7  | 88.4  | 90.1  | 90.8  | 92.0  | 93.0  | 91.5  | 95.0  | 96.1  | 97.4  | 97.1  | 96.4  |
| Cost of risk (€m)                                     | 142   | 131   | 34    | 2     | -2    | 52    | 85    | 21    | 49    | 19    | 9     | 98    |
| Cost of risk (in annualised bp)                       | 16    | 15    | 15    | 1     | -1    | 22    | 9     | 9     | 20    | 8     | 4     | 10    |

\*With Private Banking at 100%



# Cost of Risk on Outstandings (2/2)

## > Cost of risk/Customer loans at the beginning of the period *(in annualised bp)*

|   | 2013  | 2014  | 1Q15  | 2Q15  | 3Q15  | 4Q15  | 2015  | 1Q16  | 2Q16  | 3Q16  | 4Q16  | 2016  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>BancWest*</b>                                      |       |       |       |       |       |       |       |       |       |       |       |       |
| Loan outstandings as of the beg. of the quarter (€bn) | 41.8  | 43.3  | 50.5  | 57.1  | 55.7  | 56.8  | 55.0  | 60.1  | 58.0  | 61.1  | 61.8  | 60.3  |
| Cost of risk (€m)                                     | 54    | 50    | 19    | 16    | 19    | -4    | 50    | 25    | 23    | 14    | 23    | 85    |
| Cost of risk (in annualised bp)                       | 13    | 12    | 15    | 11    | 14    | -3    | 9     | 16    | 16    | 9     | 15    | 14    |
| <b>Europe-Mediterranean*</b>                          |       |       |       |       |       |       |       |       |       |       |       |       |
| Loan outstandings as of the beg. of the quarter (€bn) | 28.5  | 30.0  | 37.6  | 40.0  | 39.6  | 38.0  | 38.8  | 38.6  | 39.0  | 39.5  | 39.3  | 39.1  |
| Cost of risk (€m)                                     | 272   | 357   | 150   | 109   | 112   | 96    | 466   | 96    | 87    | 127   | 127   | 437   |
| Cost of risk (in annualised bp)                       | 95    | 119   | 159   | 109   | 113   | 101   | 120   | 100   | 89    | 129   | 129   | 112   |
| <b>Personal Finance</b>                               |       |       |       |       |       |       |       |       |       |       |       |       |
| Loan outstandings as of the beg. of the quarter (€bn) | 45.2  | 51.3  | 56.9  | 56.5  | 57.4  | 57.1  | 57.0  | 59.4  | 60.6  | 62.3  | 63.4  | 61.4  |
| Cost of risk (€m)                                     | 1,098 | 1,095 | 292   | 288   | 287   | 309   | 1,176 | 221   | 248   | 240   | 269   | 979   |
| Cost of risk (in annualised bp)                       | 243   | 214   | 205   | 204   | 200   | 216   | 206   | 149   | 164   | 154   | 170   | 159   |
| <b>CIB - Corporate Banking</b>                        |       |       |       |       |       |       |       |       |       |       |       |       |
| Loan outstandings as of the beg. of the quarter (€bn) | 106.0 | 105.3 | 113.6 | 118.8 | 118.7 | 114.9 | 116.5 | 117.9 | 118.2 | 120.4 | 118.3 | 118.7 |
| Cost of risk (€m)                                     | 437   | 131   | 73    | -55   | 50    | 69    | 138   | 55    | 42    | 79    | 115   | 292   |
| Cost of risk (in annualised bp)                       | 41    | 12    | 26    | -18   | 17    | 24    | 12    | 19    | 14    | 26    | 39    | 25    |
| <b>Group**</b>  |       |       |       |       |       |       |       |       |       |       |       |       |
| Loan outstandings as of the beg. of the quarter (€bn) | 644.5 | 647.2 | 682.0 | 709.9 | 710.9 | 692.7 | 698.9 | 703.2 | 702.2 | 717.5 | 716.1 | 709.8 |
| Cost of risk (€m)                                     | 3,801 | 3,705 | 1,044 | 903   | 882   | 968   | 3,797 | 757   | 791   | 764   | 950   | 3,262 |
| Cost of risk (in annualised bp)                       | 59    | 57    | 61    | 51    | 50    | 56    | 54    | 43    | 45    | 43    | 53    | 46    |

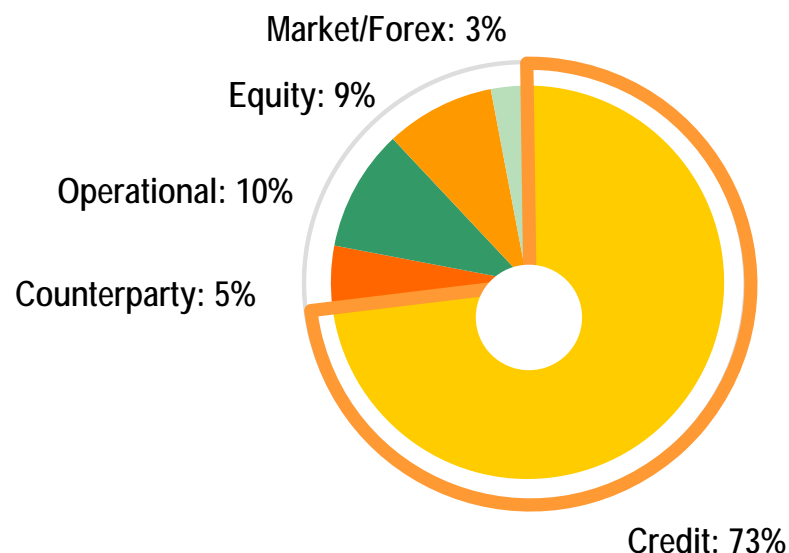
\* With Private Banking at 100%; \*\* Including cost of risk of market activities, Investment Solutions (until end 2014), International Financial Services and Corporate Centre



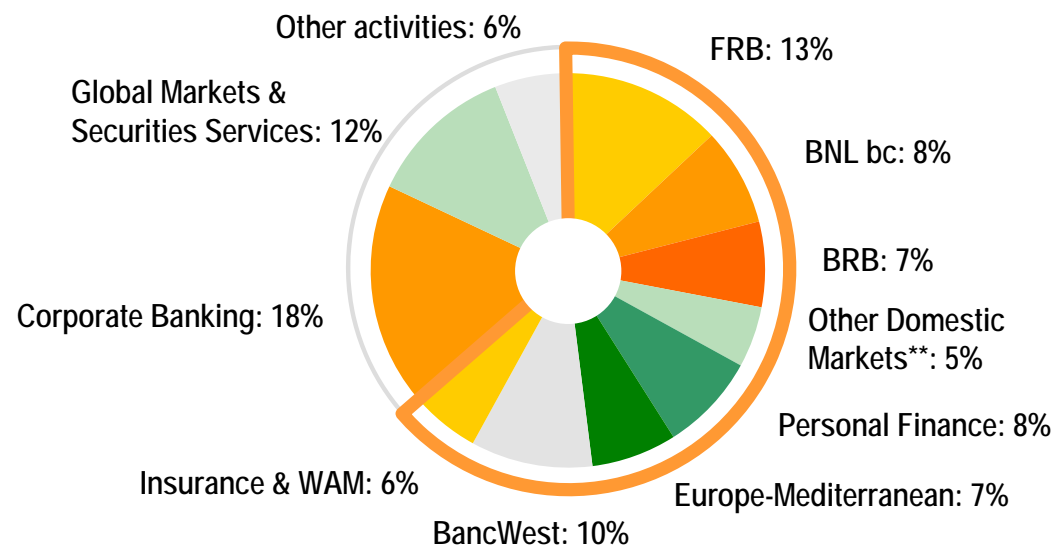
# Basel 3\* Risk-Weighted Assets

- Basel 3\* risk-weighted assets: €641bn (€634bn as at 31.12.15)
  - Increase in particular of risk-weighted assets related to credit risk and counterparty risks

> **Basel 3\* risk weighted assets by type of risk as at 31.12.2016**



> **Basel 3\* risk-weighted assets by business as at 31.12.2016**

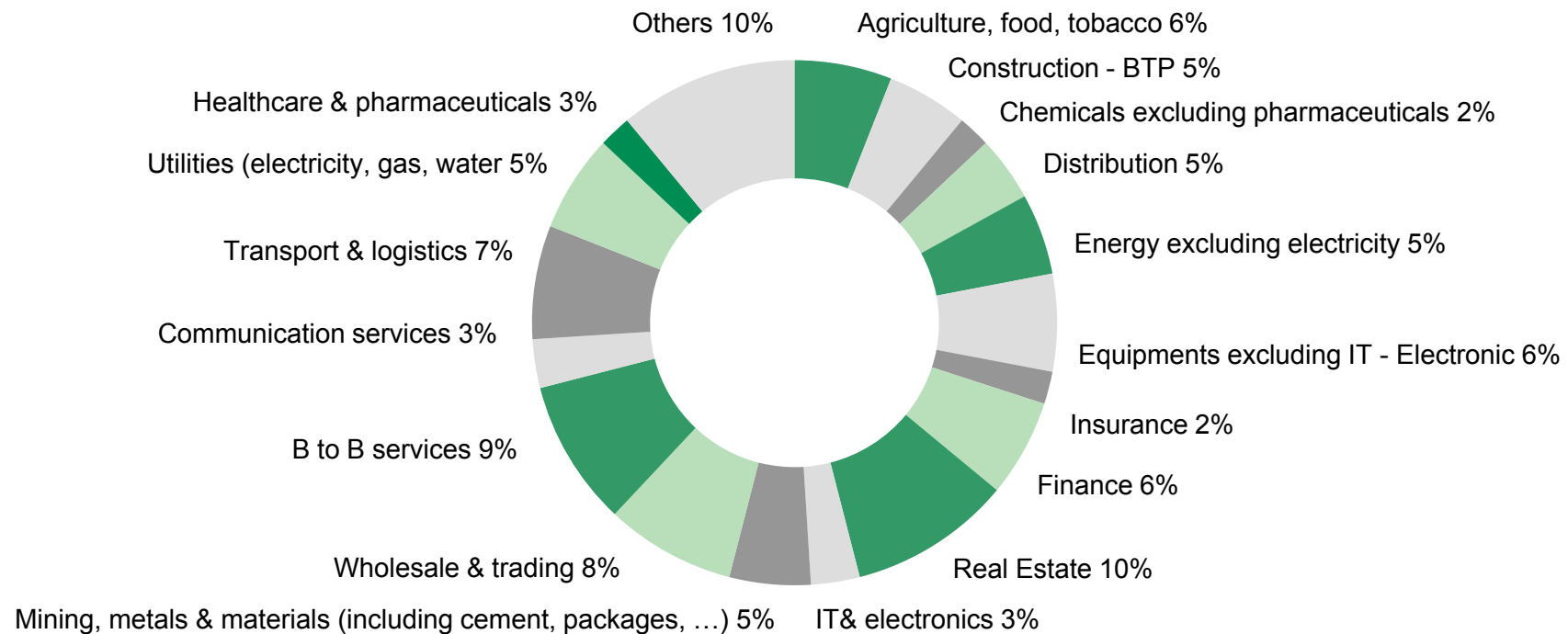


> **Retail Banking and Services: 64%**

\* CRD4; \*\* Including Luxembourg



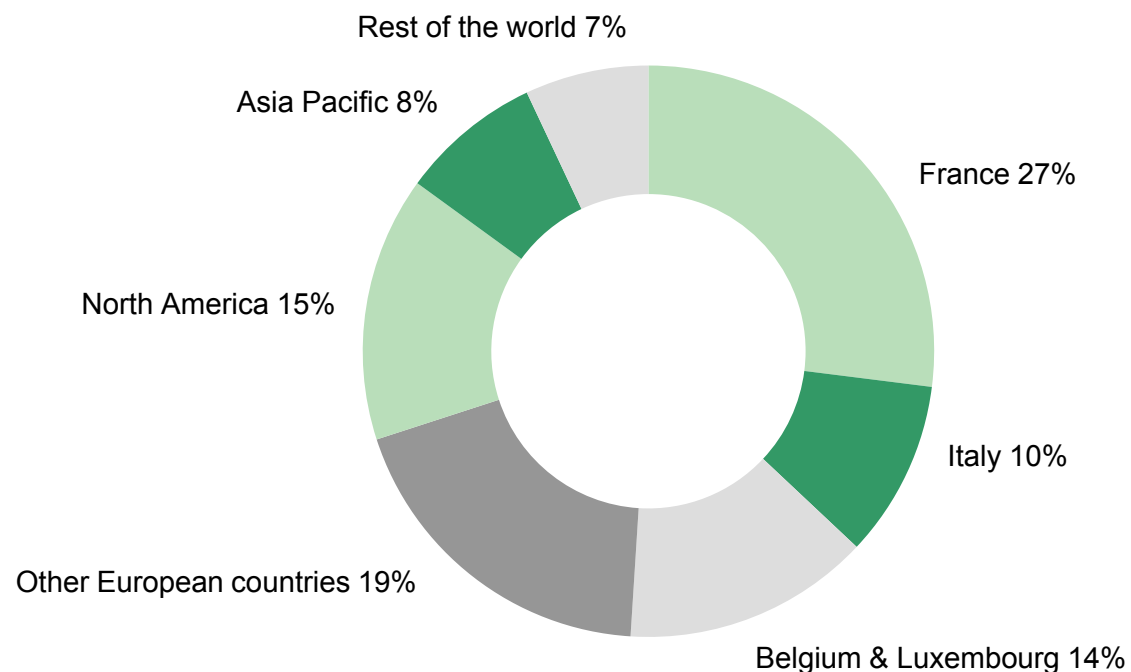
# Breakdown of Commitments by Industry (Corporate Asset Class)



**Total gross commitments on and off-balance sheet, unweighted  
(corporate asset class) = €621bn as at 31.12.2016**



# Breakdown of Commitments by Region



**Total gross commitments on and off balance sheet,  
unweighted = €1,438bn as at 31.12.2016**





# **CONSOLIDATED FINANCIAL STATEMENTS**

**Year ended 31 December 2016**



**BNP PARIBAS**

The bank  
for a changing  
world

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# CONSOLIDATED FINANCIAL STATEMENTS

Prepared in accordance with International Financial Reporting Standards as adopted by the European Union

*The consolidated financial statements of the BNP Paribas Group are presented for the years ended 31 December 2016 and 31 December 2015. In accordance with Article 20.1 of Annex I of European Commission Regulation (EC) 809/2004, the consolidated financial statements for 2014 are provided in the registration document filed with the Autorité des marchés financiers on 9 March 2016 under number D.16-0126.*

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2016

| In millions of euros  | Notes | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|-------|----------------------|----------------------|
| Interest income   | 2.a   | 40,894               | 41,381               |
| Interest expense  | 2.a   | (18,518)             | (18,828)             |
| Commission income   | 2.b   | 12,765               | 13,335               |
| Commission expense  | 2.b   | (5,563)              | (5,720)              |
| Net gain on financial instruments at fair value through profit or loss                                | 2.c   | 6,189                | 6,054                |
| Net gain on available-for-sale financial assets and other financial assets not measured at fair value | 2.d   | 2,211                | 1,485                |
| Income from other activities  | 2.e   | 36,532               | 38,289               |
| Expense on other activities   | 2.e   | (31,099)             | (33,058)             |
| <b>REVENUES</b>   |       | <b>43,411</b>        | <b>42,938</b>        |
| Salary and employee benefit expense   | 6.a   | (16,402)             | (16,061)             |
| Other operating expenses  | 2.f   | (11,279)             | (11,539)             |
| Depreciation, amortisation and impairment of property, plant and equipment and intangible assets      | 4.n   | (1,697)              | (1,654)              |
| <b>GROSS OPERATING INCOME</b>   |       | <b>14,033</b>        | <b>13,684</b>        |
| Cost of risk  | 2.g   | (3,262)              | (3,797)              |
| Costs related to the comprehensive settlement with US authorities                                     | 2.h   | -                    | (100)                |
| <b>OPERATING INCOME</b>   |       | <b>10,771</b>        | <b>9,787</b>         |
| Share of earnings of equity-method entities   | 4.m   | 633                  | 589                  |
| Net gain on non-current assets  |       | (12)                 | 996                  |
| Goodwill  | 4.o   | (182)                | (993)                |
| <b>PRE-TAX INCOME</b>   |       | <b>11,210</b>        | <b>10,379</b>        |
| Corporate income tax  | 2.i   | (3,095)              | (3,335)              |
| <b>NET INCOME</b>   |       | <b>8,115</b>         | <b>7,044</b>         |
| Net income attributable to minority interests   |       | 413                  | 350                  |
| <b>NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS</b>  |       | <b>7,702</b>         | <b>6,694</b>         |
| Basic earnings per share  | 7.a   | 6.00                 | 5.14                 |
| Diluted earnings per share  | 7.a   | 6.00                 | 5.13                 |

# STATEMENT OF NET INCOME AND CHANGES IN ASSETS AND LIABILITIES RECOGNISED DIRECTLY IN EQUITY

| In millions of euros   | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|--|----------------------|----------------------|
| <b>Net income for the period</b>   | <b>8,115</b>         | <b>7,044</b>         |
| <b>Changes in assets and liabilities recognised directly in equity</b>   | <b>(805)</b>         | <b>1,086</b>         |
| <b>Items that are or may be reclassified to profit or loss</b>   | <b>(589)</b>         | <b>629</b>           |
| - Changes in exchange rate items   | 324                  | 531                  |
| - Changes in fair value of available-for-sale financial assets, including those reclassified as loans and receivables                        | 500                  | 619                  |
| - Changes in fair value of available-for-sale financial assets reported in net income, including those reclassified as loans and receivables | (1,132)              | (441)                |
| - Changes in fair value of hedging instruments   | (196)                | (176)                |
| - Changes in fair value of hedging instruments reported in net income  | (2)                  | (22)                 |
| - Changes in equity-method investments   | (83)                 | 118                  |
| <b>Items that will not be reclassified to profit or loss</b>   | <b>(216)</b>         | <b>457</b>           |
| - Remeasurement gains (losses) related to post-employment benefit plans  | (202)                | 455                  |
| - Changes in equity-method investments   | (14)                 | 2                    |
| <b>Total</b>   | <b>7,310</b>         | <b>8,130</b>         |
| - Attributable to equity shareholders  | 6,925                | 7,790                |
| - Attributable to minority interests   | 385                  | 340                  |

# BALANCE SHEET AT 31 DECEMBER 2016

| In millions of euros  | Notes | 31 December 2016 | 31 December 2015 |
|---|-------|------------------|------------------|
| <b>ASSETS</b>   |       |                  |                  |
| Cash and amounts due from central banks   |       | 160,400          | 134,547          |
| Financial instruments at fair value through profit or loss                                  |       |                  |                  |
| Trading securities  | 4.a   | 123,679          | 133,500          |
| Loans and repurchase agreements   | 4.a   | 152,242          | 131,783          |
| Instruments designated as at fair value through profit or loss                              | 4.a   | 87,644           | 83,076           |
| Derivative financial instruments  | 4.a   | 328,162          | 336,624          |
| Derivatives used for hedging purposes   | 4.b   | 18,133           | 18,063           |
| Available-for-sale financial assets   | 4.c   | 267,559          | 258,933          |
| Loans and receivables due from credit institutions  | 4.f   | 47,411           | 43,427           |
| Loans and receivables due from customers  | 4.g   | 712,233          | 682,497          |
| Remeasurement adjustment on interest-rate risk hedged portfolios                            |       | 4,664            | 4,555            |
| Held-to-maturity financial assets   | 4.j   | 6,100            | 7,757            |
| Current and deferred tax assets   | 4.k   | 7,966            | 7,865            |
| Accrued income and other assets   | 4.l   | 115,967          | 108,018          |
| Equity-method investments   | 4.m   | 6,910            | 6,896            |
| Investment property   | 4.n   | 1,911            | 1,639            |
| Property, plant and equipment   | 4.n   | 22,523           | 21,593           |
| Intangible assets   | 4.n   | 3,239            | 3,104            |
| Goodwill  | 4.o   | 10,216           | 10,316           |
| <b>TOTAL ASSETS</b>   |       | <b>2,076,959</b> | <b>1,994,193</b> |
| <b>LIABILITIES</b>  |       |                  |                  |
| Due to central banks  |       | 233              | 2,385            |
| Financial instruments at fair value through profit or loss                                  |       |                  |                  |
| Trading securities  | 4.a   | 70,326           | 82,544           |
| Borrowings and repurchase agreements  | 4.a   | 183,206          | 156,771          |
| Instruments designated as at fair value through profit or loss                              | 4.a   | 54,076           | 53,118           |
| Derivative financial instruments  | 4.a   | 318,740          | 325,828          |
| Derivatives used for hedging purposes   | 4.b   | 19,626           | 21,068           |
| Due to credit institutions  | 4.f   | 75,660           | 84,146           |
| Due to customers  | 4.g   | 765,953          | 700,309          |
| Debt securities   | 4.i   | 153,422          | 159,447          |
| Remeasurement adjustment on interest-rate risk hedged portfolios                            |       | 4,202            | 3,946            |
| Current and deferred tax liabilities  | 4.k   | 3,087            | 2,993            |
| Accrued expenses and other liabilities  | 4.l   | 99,407           | 88,629           |
| Technical reserves of insurance companies   | 4.p   | 193,626          | 185,043          |
| Provisions for contingencies and charges  | 4.q   | 11,801           | 11,345           |
| Subordinated debt   | 4.i   | 18,374           | 16,544           |
| <b>TOTAL LIABILITIES</b>  |       | <b>1,971,739</b> | <b>1,894,116</b> |
| <b>CONSOLIDATED EQUITY</b>  |       |                  |                  |
| Share capital, additional paid-in capital and retained earnings                             |       | 86,794           | 82,839           |
| Net income for the period attributable to shareholders                                      |       | 7,702            | 6,694            |
| Total capital, retained earnings and net income for the period attributable to shareholders |       | 94,496           | 89,533           |
| Changes in assets and liabilities recognised directly in equity                             |       | 6,169            | 6,736            |
| <b>Shareholders' equity</b>   |       | <b>100,665</b>   | <b>96,269</b>    |
| Retained earnings and net income for the period attributable to minority interests          |       | 4,460            | 3,691            |
| Changes in assets and liabilities recognised directly in equity                             |       | 95               | 117              |
| <b>Total minority interests</b>   |       | <b>4,555</b>     | <b>3,808</b>     |
| <b>TOTAL CONSOLIDATED EQUITY</b>  |       | <b>105,220</b>   | <b>100,077</b>   |
| <b>TOTAL LIABILITIES AND EQUITY</b>   |       | <b>2,076,959</b> | <b>1,994,193</b> |

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

| In millions of euros   | Notes | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|--|-------|----------------------|----------------------|
| <b>Pre-tax income</b>  |       | <b>11,210</b>        | <b>10,379</b>        |
| <b>Non-monetary items included in pre-tax net income and other adjustments</b>                             |       | <b>12,474</b>        | <b>18,354</b>        |
| Net depreciation/amortisation expense on property, plant and equipment and intangible assets               |       | 4,444                | 3,764                |
| Impairment of goodwill and other non-current assets  |       | 155                  | 989                  |
| Net addition to provisions   |       | 10,241               | 12,662               |
| Share of earnings of equity-method entities  |       | (633)                | (589)                |
| Net expense (income) from investing activities   |       | 56                   | (889)                |
| Net expense from financing activities  |       | 1,232                | 2,545                |
| Other movements  |       | (3,021)              | (128)                |
| <b>Net increase (decrease) in cash related to assets and liabilities generated by operating activities</b> |       | <b>1,977</b>         | <b>(8,408)</b>       |
| Net decrease in cash related to transactions with credit institutions                                      |       | (19,515)             | (7,121)              |
| Net increase (decrease) in cash related to transactions with customers                                     |       | 25,749               | (1,780)              |
| Net increase in cash related to transactions involving other financial assets and liabilities              |       | 3,045                | 7,021                |
| Net decrease in cash related to transactions involving non-financial assets and liabilities                |       | (5,163)              | (4,153)              |
| Taxes paid   |       | (2,139)              | (2,375)              |
| <b>NET INCREASE IN CASH AND EQUIVALENTS GENERATED BY OPERATING ACTIVITIES</b>                              |       | <b>25,661</b>        | <b>20,325</b>        |
| Net increase in cash related to acquisitions and disposals of consolidated entities                        |       | 468                  | 150                  |
| Net decrease related to property, plant and equipment and intangible assets                                |       | (1,485)              | (1,756)              |
| <b>NET DECREASE IN CASH AND EQUIVALENTS RELATED TO INVESTING ACTIVITIES</b>                                |       | <b>(1,017)</b>       | <b>(1,606)</b>       |
| Decrease in cash and equivalents related to transactions with shareholders                                 |       | (1,834)              | (645)                |
| Decrease in cash and equivalents generated by other financing activities                                   |       | (2,608)              | (5,069)              |
| <b>NET DECREASE IN CASH AND EQUIVALENTS RELATED TO FINANCING ACTIVITIES</b>                                |       | <b>(4,442)</b>       | <b>(5,714)</b>       |
| <b>EFFECT OF MOVEMENT IN EXCHANGE RATES ON CASH AND EQUIVALENTS</b>  |       | <b>2,587</b>         | <b>8,176</b>         |
| <b>NET INCREASE IN CASH AND EQUIVALENTS</b>  |       | <b>22,789</b>        | <b>21,181</b>        |
| <b>Balance of cash and equivalent accounts at the start of the period</b>                                  |       | <b>133,174</b>       | <b>111,993</b>       |
| Cash and amounts due from central banks  |       | 134,547              | 117,473              |
| Due to central banks   |       | (2,385)              | (1,680)              |
| On demand deposits with credit institutions  | 4.f   | 9,346                | 7,924                |
| On demand loans from credit institutions   | 4.f   | (8,527)              | (11,618)             |
| Deduction of receivables and accrued interest on cash and equivalents                                      |       | 193                  | (106)                |
| <b>Balance of cash and equivalent accounts at the end of the period</b>                                    |       | <b>155,963</b>       | <b>133,174</b>       |
| Cash and amounts due from central banks  |       | 160,400              | 134,547              |
| Due to central banks   |       | (233)                | (2,385)              |
| On demand deposits with credit institutions  | 4.f   | 6,513                | 9,346                |
| On demand loans from credit institutions   | 4.f   | (10,775)             | (8,527)              |
| Deduction of receivables and accrued interest on cash and equivalents                                      |       | 58                   | 193                  |
| <b>NET INCREASE IN CASH AND EQUIVALENTS</b>  |       | <b>22,789</b>        | <b>21,181</b>        |

# STATEMENT OF CHANGES IN SHAREHOLDERS'

| In millions of euros  | Capital and retained earnings                |                                  |                          |                |                               |   |              |
|---|--|----------------------------------|--------------------------|----------------|-------------------------------|---|--------------|
|   | Attributable to shareholders                 |                                  |                          |                | Minority interests            |   |              |
|   | Share capital and additional paid-in capital | Undated Super Subordinated Notes | Non-distributed reserves | Total          | Capital and retained earnings | Preferred shares eligible as Tier 1 capital | Total        |
| <b>Capital and retained earnings at 31 December 2014</b>                      | <b>26,971</b>                                | <b>6,589</b>                     | <b>49,807</b>            | <b>83,367</b>  | <b>4,025</b>                  | <b>73</b>                                   | <b>4,098</b> |
| <b>Appropriation of net income for 2014</b>                                   |  |                                  | <b>(1,867)</b>           | <b>(1,867)</b> | <b>(131)</b>                  |   | <b>(131)</b> |
| Increases in capital and issues   | 19   | 2,094                            |                          | 2,113          |                               |   | -            |
| Reduction or redemption of capital  |  | (862)                            | (29)                     | (891)          |                               |   | -            |
| Movements in own equity instruments   | (93)   | 34                               | (56)                     | (115)          |                               |   | -            |
| Share-based payment plans   |  |                                  | 7                        | 7              |                               |   | -            |
| Remuneration on preferred shares and undated super subordinated notes         |  |                                  | (257)                    | (257)          | (2)                           |   | (2)          |
| Impact of internal transactions on minority shareholders (note 7.d)           |  |                                  | (2)                      | (2)            | 2                             |   | 2            |
| Movements in consolidation scope impacting minority shareholders              |  |                                  | (2)                      | (2)            | (521)                         |   | (521)        |
| Acquisitions of additional interests or partial sales of interests (note 7.d) |  |                                  | (3)                      | (3)            | (4)                           |   | (4)          |
| Change in commitments to repurchase minority shareholders' interests          |  |                                  | 49                       | 49             | (103)                         |   | (103)        |
| Other movements   |  |                                  | (11)                     | (11)           | (4)                           |   | (4)          |
| Changes in assets and liabilities recognised directly in equity               |  |                                  | 451                      | 451            | 6                             |   | 6            |
| <b>Net income for 2015</b>  |  |                                  | <b>6,694</b>             | <b>6,694</b>   | <b>350</b>                    |   | <b>350</b>   |
| <b>Capital and retained earnings at 31 December 2015</b>                      | <b>26,897</b>                                | <b>7,855</b>                     | <b>54,781</b>            | <b>89,533</b>  | <b>3,618</b>                  | <b>73</b>                                   | <b>3,691</b> |
| <b>Appropriation of net income for 2015</b>                                   |  |                                  | <b>(2,877)</b>           | <b>(2,877)</b> | <b>(112)</b>                  |   | <b>(112)</b> |
| Increases in capital and issues   | 29   | 2,035                            | (5)                      | 2,059          |                               |   | -            |
| Reduction or redemption of capital  | (3)  | (1,437)                          | 125                      | (1,315)        |                               |   | -            |
| Movements in own equity instruments   | 25   | (23)                             | 3                        | 5              |                               |   | -            |
| Share-based payment plans   |  |                                  | 1                        | 1              |                               |   | -            |
| Remuneration on preferred shares and undated super subordinated notes         |  |                                  | (365)                    | (365)          | (2)                           |   | (2)          |
| Impact of internal transactions on minority shareholders (note 7.d)           |  |                                  | 4                        | 4              | (4)                           |   | (4)          |
| Movements in consolidation scope impacting minority shareholders              |  |                                  |                          | -              | 3                             |   | 3            |
| Acquisitions of additional interests or partial sales of interests (note 7.d) |  |                                  | (32)                     | (32)           | 494                           |   | 494          |
| Change in commitments to repurchase minority shareholders' interests          |  |                                  | (2)                      | (2)            | (7)                           |   | (7)          |
| Other movements   |  |                                  | (7)                      | (7)            | (10)                          |   | (10)         |
| Changes in assets and liabilities recognised directly in equity               |  |                                  | (210)                    | (210)          | (6)                           |   | (6)          |
| <b>Net income for 2016</b>  |  |                                  | <b>7,702</b>             | <b>7,702</b>   | <b>413</b>                    |   | <b>413</b>   |
| <b>Capital and retained earnings at 31 December 2016</b>                      | <b>26,948</b>                                | <b>8,430</b>                     | <b>59,118</b>            | <b>94,496</b>  | <b>4,387</b>                  | <b>73</b>                                   | <b>4,460</b> |



# EQUITY BETWEEN 1 JAN. 2015 AND 31 DEC. 2016

| Changes in assets and liabilities recognised directly in equity |   |                                       |       |                    | Total equity |
|---|---|---------------------------------------|-------|--------------------|--------------|
| Attributable to shareholders                                    |   |                                       |       | Minority interests |              |
| Exchange rates  | Financial assets available for sale and reclassified as loans and receivables | Derivatives used for hedging purposes | Total |                    |              |
| (291)   | 4,865   | 1,517                                 | 6,091 | 133                | 93,689       |
|   |   |                                       |       |                    | (1,998)      |
|   |   |                                       |       |                    | 2,113        |
|   |   |                                       |       |                    | (891)        |
|   |   |                                       |       |                    | (115)        |
|   |   |                                       |       |                    | 7            |
|   |   |                                       |       |                    | (259)        |
|   |   |                                       |       |                    | -            |
|   |   |                                       |       |                    | (523)        |
|   |   |                                       |       |                    | (7)          |
|   |   |                                       |       |                    | (54)         |
|   |   |                                       |       |                    | (15)         |
| 616   | 201   | (172)                                 | 645   | (16)               | 1,086        |
|   |   |                                       |       |                    | 7,044        |
| 325   | 5,066   | 1,345                                 | 6,736 | 117                | 100,077      |
|   |   |                                       |       |                    | (2,989)      |
|   |   |                                       |       |                    | 2,059        |
|   |   |                                       |       |                    | (1,315)      |
|   |   |                                       |       |                    | 5            |
|   |   |                                       |       |                    | 1            |
|   |   |                                       |       |                    | (367)        |
|   |   |                                       |       |                    | -            |
|   |   |                                       |       |                    | 3            |
|   |   |                                       |       |                    | 462          |
|   |   |                                       |       |                    | (9)          |
|   |   |                                       |       |                    | (17)         |
| 320   | (694)   | (193)                                 | (567) | (22)               | (805)        |
|   |   |                                       |       |                    | 8,115        |
| 645   | 4,372   | 1,152                                 | 6,169 | 95                 | 105,220      |

# NOTES TO THE FINANCIAL STATEMENTS

Prepared in accordance with International Financial Reporting Standards as adopted by the European Union

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED BY THE BNP PARIBAS GROUP

### 1.a ACCOUNTING STANDARDS

#### 1.a.1 APPLICABLE ACCOUNTING STANDARDS

The consolidated financial statements of the BNP Paribas Group have been prepared in accordance with international accounting standards (International Financial Reporting Standards – IFRS), as adopted for use in the European Union<sup>1</sup>. Accordingly, certain provisions of IAS 39 on hedge accounting have been excluded, and certain recent texts have not yet undergone the approval process.

The introduction of standards which are mandatory as of 1 January 2016 has no effect on the 2016 financial statements.

The Group did not choose to early-adopt the new standards, amendments, and interpretations adopted by the European Union, whose application in 2016 was optional.

Information on the nature and extent of risks relating to financial instruments as required by IFRS 7 “Financial Instruments: Disclosures” and to insurance contracts as required by IFRS 4 “Insurance Contracts”, along with information on regulatory capital required by IAS 1 “Presentation of Financial Statements” is presented in Chapter 5 of the Registration document. This information, which is an integral part of the notes to the BNP Paribas Group’s consolidated financial statements, is covered by the opinion of the Statutory Auditors concerning the consolidated financial statements, and is identified in the Annual Report by the word “Audited”.

#### 1.a.2 NEW MAJOR ACCOUNTING STANDARDS, PUBLISHED BUT NOT YET APPLICABLE

##### IFRS 9 “Financial Instruments”

IFRS 9 “Financial Instruments”, issued by the IASB in July 2014, will replace IAS 39 Financial Instruments: recognition and measurement, related to the classification and measurement of financial instruments. It sets out the new principles for the classification and measurement of financial instruments, for impairment for credit risk on debt instruments measured at amortised cost or at fair value through shareholders’ equity, loan commitments given, financial guarantee contracts, lease receivables and contract assets, as well as for general hedge accounting (i.e. micro hedging).

IFRS 9, which was adopted by the European Union on 22 November 2016, is mandatory for annual periods beginning on or after 1 January 2018.

<sup>(1)</sup> The full set of standards adopted for use in the European Union can be found on the website of the European Commission at: [http://ec.europa.eu/internal\\_market/accounting/ias\\_en.htm#adopted-commission](http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission).

## *Classification and measurement*

According to IFRS 9, classification and measurement of financial assets will depend on the business model and the contractual characteristics of the instruments. On initial recognition, financial assets will be measured at amortised cost, at fair value through shareholders' equity (on a separate line), or at fair value through profit or loss.

It will no longer be possible to recognise derivatives embedded in financial assets separately from the host contract.

Application of the criteria relating to the business model and the contractual characteristics of the instruments may lead to different classification and measurement of some financial assets compared with IAS 39.

Debt instruments (loans, receivables or debt securities) will be classified at amortised cost, at fair value through shareholders' equity (on a separate line), or at fair value through profit or loss.

- They will be classified at amortised cost if the business model objective is to hold the financial assets in order to collect contractual cash flows, and if the contractual cash flows solely consist of payments relating to principal and interest on the principal.
- They will be classified at fair value through shareholders' equity if the business model is achieved by both holding the financial assets in order to collect contractual cash flows and selling the assets and if the cash flows solely consist of payments relating to principal and interest on the principal. Upon disposal, amounts previously recognised in shareholders' equity will be transferred to profit or loss.
- All debt instruments not eligible for classification at amortised cost or at fair value through shareholders' equity will be presented at fair value through profit or loss.

Debt instruments may only be designated as at fair value through profit or loss if the use of this option enables the entity to eliminate or significantly reduce an accounting mismatch in profit or loss.

Investments in equity instruments such as shares will be classified as instruments at fair value through profit or loss, or, as an option, as instruments at fair value through shareholders' equity (on a separate line). In the latter case, upon disposal of equity instruments classified at fair value through shareholders' equity, amounts previously recognised in shareholders' equity shall not be transferred to profit or loss. Only dividends will be recognised in profit or loss.

With respect to financial liabilities, the only change introduced by IFRS 9 relates to recognition of changes in fair value attributable to changes in the credit risk of the liabilities designated as at fair value through profit or loss (fair value option), which will be recognised on a separate line in shareholders' equity and no longer through profit or loss.

The provisions of IAS 39 concerning the derecognition of financial assets and financial liabilities have been maintained in IFRS 9 without any modification. Moreover, IFRS 9 provides details on the accounting treatment of modified assets, depending on whether they are derecognised or not.

Based on existing business models, the main classifications would be expected to be as follows:

- Apart from those not complying with the contractual characteristics criterion, loans and receivables due from credit institutions and customers and repurchase agreements recognised in "Loans and receivables" under IAS 39 should be eligible to amortised cost under IFRS 9;
- Treasury bills, Government bonds and other fixed-income securities classified as "Available-for-sale financial assets" under IAS 39 should be recognised at amortised cost or at fair value through shareholders' equity depending on the business model, apart from those not complying with the contractual characteristics criterion;
- Financial assets classified at fair value through profit or loss under IAS 39 should remain in this category under IFRS 9;
- The majority of investments in equity instruments are likely to be classified as instruments at fair value through profit or loss, making income more volatile than under IAS 39. Some of these investments are likely to be classified at fair value through shareholders' equity.

## *Impairment*

IFRS 9 establishes a new credit risk impairment model based on expected losses.

This model will apply to loans and debt instruments measured at amortised cost or at fair value through shareholders' equity (on a separate line), to loan commitments and financial guarantees not recognised at fair value, as well as to lease receivables.

Under the impairment model in IAS 39, an impairment loss is recognised when there is an objective evidence of a decrease in value. Counterparties that are not individually impaired are risk-assessed on the basis of portfolios with similar characteristics, and groups of counterparties which, as a result of events occurring since inception of the loans, present objective indication of impairment, are subject to a portfolio-based impairment. Moreover, the Group may recognise additional collective impairment with respect to a given economic sector or geographic area affected by exceptional economic events.

The new impairment model under IFRS 9 requires accounting for 12-month expected credit losses (that result from the risk of default in the next 12 months) on the financial instruments issued or acquired, as of the date of initial recognition on the balance sheet.

Expected credit losses at maturity (that result from the risk of default over the life of the financial instrument) must be recognised if the credit risk has increased significantly since initial recognition.

Financial assets for which a 12-month expected credit loss will be recognised, will be included in "Stage 1". Interest income will be measured according to the effective interest method using the financial asset's gross value (before impairment).

Financial assets for which the credit risk has increased significantly since the initial recognition will be included in "Stage 2". Interest income will be measured according to the effective interest method using the financial asset's gross value (before impairment).

Significant increase in the credit risk will be assessed on an individual basis or on a collective basis (by grouping the financial instruments according to common credit risk characteristics) by taking into consideration all reasonable and supportable information and comparing the default risk of the financial instrument at the reporting date with the default risk on the date of its initial recognition.

Assessment of deterioration will be measured by comparing probability of default/ratings on the date of initial recognition and those existing on the reporting date.

Under the standard, there is also a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

The standard suggests that it may be assumed that the credit risk of a financial instrument has not increased significantly since initial recognition if this risk is considered to be low on the reporting date (for example, a financial instrument which has an 'investment grade' rating). This provision could be applied to debt securities.

The amount of expected credit loss will be measured on the basis of probability-weighted scenarios, in view of past events, current conditions and reasonable and supportable economic forecasts.

Financial assets for which there is objective evidence of a decrease in value as a result of an event occurring after inception of the loan or acquisition of the asset will be considered as impaired and be included in "Stage 3". Criteria for identifying impaired assets will be similar to those prevailing under IAS 39. Interest income will be measured according to the effective interest method using the financial asset's net value (after impairment).

Treatment of restructuring for financial difficulties is likely to remain similar to that prevailing under IAS 39.

The new impairment model is likely to result in an increase in impairment for credit risk since all financial assets will be subject to a 12-month expected credit loss assessment. Moreover, the scope of the assets for which there is a significant increase in credit risk could be different from the scope of assets for which portfolio-based impairment was recognised under IAS 39.

Furthermore, the impairment model of IFRS 9 is based on more forward-looking information than that of IAS 39, inducing a more volatile amount of expected credit losses.

The Group is considering using existing concepts and methods (in particular the Basel framework) on exposures for which the capital requirement for credit risk is measured according to the IRBA methodology. This method will also need to be applied to portfolios for which the capital requirement for credit risk is measured according to the standardised approach. Moreover, the Basel framework will need to be supplemented with the specific provisions of IFRS 9, in particular the use of forward-looking information.

Methods of measuring expected credit losses will be based on 3 main parameters: the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") in light of amortisation profiles. Expected credit losses will be measured as the product of the PD, LGD and EAD.

### *Hedge accounting*

The objective of the hedge accounting model under IFRS 9 is to better reflect risk management, especially by expanding the eligible hedging instruments and eliminating some overly prescriptive rules. On initial application of IFRS 9, the Group may choose either to apply the new hedge accounting provisions or to maintain the hedge accounting principles under IAS 39 until the new macro hedging standard comes into force. Irrespective of the chosen hedge accounting option, additional information will be required in the notes to the financial statements concerning risk management and the impacts of the hedge accounting on the financial statements.

IFRS 9 does not explicitly address the fair value hedge of the interest rate risk on a portfolio of financial assets or liabilities. The provisions of IAS 39 for these portfolio hedges, as adopted by the European Union, will continue to apply.

Based on the analyses made to date, the Group is considering maintaining all the provisions of IAS 39 for hedge accounting.

### *Transition*

The IFRS 9 classification and measurement provisions, as well as its new impairment model, are applicable retrospectively by adjusting the opening balance sheet on the date of first application, without any obligation to restate the comparative figures for prior periods.

IFRS 9 allows early application of the requirements for the presentation of gains and losses attributable to changes in the credit risk of the financial liabilities designated as at fair value through profit or loss (fair value option). However, the Group does not envisage an early application of these requirements.

*Implementation of IFRS 9 within the Group*

The implementation of IFRS 9 within the Group relies on a set of projects corresponding to each of the different phases of the standard. Steering committees bringing together the heads of the Risk and Finance functions have been set up, as well as operational committees dedicated to the various issues associated with the implementation of the new standard.

The project on classification and measurement is managed by the Finance Department, through dedicated governance.

The work relating to the analysis of business models and the contractual cash flows characteristics of the Group's assets is being finalised. Meanwhile, the required IT developments and adaptations have proceeded through 2016 and will be finalised in 2017.

The project on the impairment model is conducted under the joint responsibility of the Finance and Risk Departments.

The work conducted to this day has led to the definition of the Group methodology for the new impairment model (see above). The model is currently being adapted to operational requirements and refined.

Operational implementation is based on the convergence of Finance, Risk and Liquidity reporting streams with the aim of guaranteeing high quality data.

**IFRS 15 Revenue from contracts with customers**

IFRS 15 Revenue from Contracts with Customers, issued in May 2014, will supersede a number of standards and interpretations on revenue recognition (in particular IAS 18 Revenue and IAS 11 Construction Contracts). Revenues from lease contracts, insurance contracts or financial instruments are excluded from the scope of this standard.

Adopted by the European Union on 22 September 2016, IFRS 15 will become mandatory for years beginning on, or after, 1 January 2018.

IFRS 15 defines a single model for recognising revenue based on five-step principles. These five steps make it notably possible to identify the distinct performance obligations in the contracts with customers and to allocate the transaction price to them. The transaction price amounts that are allocated to the different performance obligations are recognised as revenue when the performance obligations are satisfied, namely when the control of the promised goods or services has been transferred.

The Group is in the process of analysing the standard and its potential impacts. Revenues from net banking income falling within the scope of application concern in particular the commissions received for banking and similar services provided (except those arising from the effective interest rate), revenues from property development and revenues from services provided in connection with lease contracts.

The implementation of IFRS 15 within the Group is based on a project structure managed by the Finance Department. The analysis of the standard and the documentation and identification of its potential impacts will be finalised in 2017. Impacts are not expected to be material.

**IFRS 16 Leases**

IFRS 16 Leases, issued in January 2016, will supersede IAS 17 Leases and the interpretations relating to the accounting of such contracts. The new definition of leases relies on both the identification of an asset and the right to control the identified asset by the lessee.

From the lessor's point of view, the expected impact should be limited, as the requirements of IFRS 16 remain mostly unchanged from the current IAS 17.

For the lessee, IFRS 16 will require recognition in the balance sheet of all leases, in the form of a right-of-use on the leased asset presented under fixed assets, along with the recognition of a financial liability for the rent and other payments to be made over the leasing period. The right-of-use assets will be amortised on a straight-line basis and the financial liabilities will be amortised on an actuarial basis over the lease period. The main change induced by this new standard is related to contracts which, under IAS 17, met the definition of operating leases, and as such, did not require recognition in the balance sheet of the leased assets.

IFRS 16 will become mandatory for annual periods beginning on or after 1 January 2019, after its adoption by the European Union for application in Europe. Following the publication of the standard, the Group has started to analyse the standard and define its potential impacts.



## **1.b CONSOLIDATION**

### **1.b.1 SCOPE OF CONSOLIDATION**

The consolidated financial statements of BNP Paribas include entities that are controlled by the Group, jointly controlled, and under significant influence, with the exception of those entities whose consolidation is regarded as immaterial to the Group. The consolidation of an entity is regarded as immaterial if its contribution to the consolidated financial statements is below the following three thresholds: EUR 15 million of consolidated revenues, EUR 1 million of consolidated net income before tax, EUR 500 million of total consolidated assets. Companies that hold shares in consolidated companies are also consolidated.

Subsidiaries are consolidated from the date on which the Group obtains effective control. Entities under temporary control are included in the consolidated financial statements until the date of disposal.

### **1.b.2 CONSOLIDATION METHODS**

Controlled enterprises are fully consolidated. The Group controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

For entities governed by voting rights, the Group generally controls the entity if it directly or indirectly holds the majority of voting rights and if there are no other agreements altering the power of these voting rights.

Structured entities are defined as entities that are not governed by voting rights, such as when those voting rights relate to administrative tasks only, whereas the relevant activities are directed by means of contractual arrangements. They often have the following features or attributes: restricted activities, a narrow and well-defined objective and insufficient equity to permit them to finance their activities without subordinated financial support.

For these entities, the analysis of control shall consider the purpose and design of the entity, the risks to which the entity is designed to be exposed and to what extent the Group absorbs the related variability. The assessment of control shall consider all facts and circumstances able to determine the Group's practical ability to make decisions that could significantly affect its returns, even if such decisions are contingent on uncertain future events or circumstances.

In assessing whether it has power, the Group considers only substantive rights which it holds or which are held by third parties. For a right to be substantive, the holder must have the practical ability to exercise that right when decisions about the relevant activities of the entity need to be made.

Control shall be reassessed if facts and circumstances indicate that there are changes to one or more of the elements of control.

Where the Group contractually holds the decision-making power, for instance where the Group acts as fund manager, it shall determine whether it is acting as agent or principal. Indeed, when associated with a certain level of exposure to the variability of returns, this decision-making power may indicate that the Group is acting on its own account and that it thus has control over those entities.

Where the Group carries out an activity with one or more partners, sharing control by virtue of a contractual agreement which requires unanimous consent on relevant activities (those that significantly affect the entity's returns), the Group exercises joint control over the activity. Where the jointly controlled activity is structured through a separate vehicle in which the partners have rights to the net assets, this joint venture is accounted for using the equity method. Where the jointly controlled activity is not structured through a separate vehicle or where the partners have rights to the assets and obligations for the liabilities of the jointly controlled activity, the Group accounts for its share of the assets, liabilities, revenues and expenses in accordance with the applicable IFRSs.



Enterprises over which the Group exercises significant influence (associates) are accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decisions of an enterprise without exercising control. Significant influence is presumed to exist when the Group holds, directly or indirectly, 20% or more of the voting power of an enterprise. Interests of less than 20% are excluded from consolidation unless they represent a strategic investment and the Group effectively exercises significant influence. This applies to companies developed in partnership with other groups, where the BNP Paribas Group participates in strategic decisions of the enterprise through representation on the Board of Directors or equivalent governing body, exercises influence over the enterprise's operational management by supplying management systems or senior managers, or provides technical assistance to support the enterprise's development.

Changes in the net assets of associates (companies accounted for under the equity method) are recognised on the assets side of the balance sheet under "Investments in equity-method entities" and in the relevant component of shareholders' equity. Goodwill on associates is also included under "Investments in equity-method entities".

Whenever there is an indication of impairment, the carrying amount of the investment consolidated under the equity method (including goodwill) is subjected to an impairment test, by comparing its recoverable value (the higher of value-in-use and market value less costs to sell) to its carrying amount. Where appropriate, impairment is recognised under "Share of earnings of equity-method entities" in the consolidated income statement and can be reversed at a later date.

If the Group's share of losses of an equity-method entity equals or exceeds the carrying amount of its investment in this entity, the Group discontinues including its share of further losses. The investment is reported at nil value. Additional losses of the equity-method entity are provided for only to the extent that the Group has a legal or constructive obligation to do so, or has made payments on behalf of this entity.

Minority interests are presented separately in the consolidated profit and loss account and balance sheet within consolidated equity. The calculation of minority interests takes into account the outstanding cumulative preferred shares classified as equity instruments issued by subsidiaries, when such shares are held outside the Group.

As regards fully consolidated funds, units held by third-party investors are recognised as debts at fair value through profit or loss, inasmuch as they are redeemable at market value at the subscriber's initiative.

For transactions resulting in a loss of control, any equity interest retained by the Group is remeasured at its fair value through profit or loss.

Realised gains and losses on investments in consolidated undertakings are recognised in the profit and loss account under "Net gain on non-current assets".

### 1.b.3 CONSOLIDATION PROCEDURES

The consolidated financial statements are prepared using uniform accounting policies for reporting like transactions and other events in similar circumstances.

- **Elimination of intragroup balances and transactions**

Intragroup balances arising from transactions between consolidated enterprises, and the transactions themselves (including income, expenses and dividends), are eliminated. Profits and losses arising from intragroup sales of assets are eliminated, except where there is an indication that the asset sold is impaired. Unrealised gains and losses included in the value of available-for-sale assets are maintained in the consolidated financial statements.

- **Translation of financial statements expressed in foreign currencies**

The consolidated financial statements of BNP Paribas are prepared in euros.

The financial statements of enterprises whose functional currency is not the euro are translated using the closing rate method. Under this method, all assets and liabilities, both monetary and non-monetary, are translated using the spot exchange rate at the balance sheet date. Income and expense items are translated at the average rate for the period.

The same method is applied to the financial statements of enterprises located in hyperinflationary economies, after adjusting for the effects of inflation by applying a general price index.

Differences arising from the translation of balance sheet items and profit and loss items are recorded in shareholders' equity under "Exchange rates" for the portion attributable to shareholders, and in "Minority interests" for the portion attributable to outside investors. Under the optional treatment permitted by IFRS 1, the Group has reset to zero all translation differences, by booking all cumulative translation differences attributable to shareholders and to minority interests in the opening balance sheet at 1 January 2004 to retained earnings.

On liquidation or disposal of some or all of an interest held in a foreign enterprise located outside the euro zone, leading to a change in the nature of the investment (loss of control, loss of significant influence or loss of joint control without keeping a significant influence), the cumulative translation adjustment at the date of liquidation or sale, determined according to the step method, is recognised in the profit and loss account.

Should the interest percentage held change without any modification in the nature of the investment, the translation adjustment is reallocated between the portion attributable to shareholders and that attributable to minority interests, if the enterprise is fully consolidated. For enterprises consolidated under the equity method, the portion related to the interest sold is recognised in the profit and loss account.

#### **1.b.4 BUSINESS COMBINATIONS AND MEASUREMENT OF GOODWILL**

- **Business combinations**

Business combinations are accounted for using the purchase method.

Under this method, the acquiree's identifiable assets and liabilities assumed are measured at fair value at the acquisition date except for non-current assets classified as assets held for sale, which are accounted for at fair value less costs to sell.

The acquiree's contingent liabilities are not recognised in the consolidated balance sheet unless they represent a present obligation on the acquisition date and their fair value can be measured reliably.

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued to obtain control of the acquiree. Costs directly attributable to the business combination are treated as a separate transaction and recognised through profit or loss.

Any contingent consideration is included in the cost, as soon as control is obtained, at fair value on the date when control was acquired. Subsequent changes in the value of any contingent consideration recognised as a financial liability are recognised through profit or loss.

The Group may recognise any adjustments to the provisional accounting within 12 months of the acquisition date.

Goodwill represents the difference between the cost of the combination and the acquirer's interest in the net fair value of the identifiable assets and liabilities of the acquiree at the acquisition date. Positive goodwill is recognised in the acquirer's balance sheet, while negative goodwill is recognised immediately in profit or loss, on the acquisition date. Minority interests are measured at their share of the fair value of the acquiree's identifiable assets and liabilities. However, for each business combination, the Group can elect to measure minority interests at fair value, in which case a proportion of goodwill is allocated to them. To date, the Group has never used this latter option.

Goodwill is recognised in the functional currency of the acquiree and translated at the closing exchange rate.

On the acquisition date, any previously held equity interest in the acquiree is remeasured at its fair value through profit or loss. In the case of a step acquisition, the goodwill is therefore determined by reference to the acquisition-date fair value.

Since the revised IFRS 3 is applied prospectively, business combinations completed prior to 1 January 2010 were not restated for the effects of changes to IFRS 3.

As permitted under IFRS 1, business combinations that took place before 1 January 2004 and were recorded in accordance with the previously applicable accounting standards (French GAAP), have not been restated in accordance with the principles of IFRS 3.

- **Measurement of goodwill**

The BNP Paribas Group tests goodwill for impairment on a regular basis.

- Cash-generating units

The BNP Paribas Group has split all its activities into cash-generating units<sup>2</sup> representing major business lines. This split is consistent with the Group's organisational structure and management methods, and reflects the independence of each unit in terms of results and management approach. It is reviewed on a regular basis in order to take account of events likely to affect the composition of cash-generating units, such as acquisitions, disposals and major reorganisations.

- Testing cash-generating units for impairment

Goodwill allocated to cash-generating units is tested for impairment annually and whenever there is an indication that a unit may be impaired, by comparing the carrying amount of the unit with its recoverable amount. If the recoverable amount is less than the carrying amount, an irreversible impairment loss is recognised, and the goodwill is written down by the excess of the carrying amount of the unit over its recoverable amount.

- Recoverable amount of a cash-generating unit

The recoverable amount of a cash-generating unit is the higher of the fair value of the unit less costs to sell, and its value in use.

Fair value is the price that would be obtained from selling the unit at the market conditions prevailing at the date of measurement, as determined mainly by reference to actual prices of recent transactions involving similar entities or on the basis of stock market multiples for comparable companies.

Value in use is based on an estimate of the future cash flows to be generated by the cash-generating unit, derived from the annual forecasts prepared by the unit's management and approved by Group Executive Management, and from analyses of changes in the relative positioning of the unit's activities on their market. These cash flows are discounted at a rate that reflects the return that investors would require from an investment in the business sector and region involved.

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<sup>(2)</sup> As defined by IAS 36.

## **1.c FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

### **1.c.1 LOANS AND RECEIVABLES**

Loans and receivables include credit provided by the Group, the Group's share in syndicated loans, and purchased loans that are not quoted in an active market, unless they are held for trading purposes. Loans that are quoted in an active market are classified as "Available-for-sale financial assets" and measured using the methods applicable to this category.

Loans and receivables are initially measured at fair value or equivalent, which is usually the net amount disbursed at inception including directly attributable origination costs and certain types of fees or commission (syndication commission, commitment fees and handling charges) that are regarded as an adjustment to the effective interest rate on the loan.

Loans and receivables are subsequently measured at amortised cost. The income from the loan, representing interest plus transaction costs and fees/commission included in the initial value of the loan, is calculated using the effective interest method and taken to profit or loss over the life of the loan.

Commission earned on financing commitments prior to the inception of a loan is deferred and included in the value of the loan when the loan is made.

Commission earned on financing commitments when the probability of drawdown is low, or when there is uncertainty as to the timing and amount of drawdowns, is recognised on a straight-line basis over the life of the commitment.

### **1.c.2 REGULATED SAVINGS AND LOAN CONTRACTS**

Home savings accounts (*Comptes Épargne-Logement* – "CEL") and home savings plans (*Plans d'Épargne Logement* – "PEL") are government-regulated retail products sold in France. They combine a savings phase and a loan phase which are inseparable, with the loan phase contingent upon the savings phase.

These products contain two types of obligations for BNP Paribas: an obligation to pay interest on the savings for an indefinite period, at a rate set by the government at the inception of the contract (in the case of PEL products) or at a rate reset every six months using an indexation formula set by law (in the case of CEL products); and an obligation to lend to the customer (at the customer's option) an amount contingent upon the rights acquired during the savings phase, at a rate set at the inception of the contract (in the case of PEL products) or at a rate contingent upon the savings phase (in the case of CEL products).

The Group's future obligations with respect to each generation (in the case of PEL products, a generation comprises all products with the same interest rate at inception; in the case of CEL products, all such products constitute a single generation) are measured by discounting potential future earnings from at-risk outstandings for that generation.

At-risk outstandings are estimated on the basis of a historical analysis of customer behaviour, and are equivalent to:

- for the loan phase: statistically probable loans outstanding and actual loans outstanding;
- for the savings phase: the difference between statistically probable outstandings and minimum expected outstandings, with minimum expected outstandings being deemed equivalent to unconditional term deposits.

Earnings for future periods from the savings phase are estimated as the difference between the reinvestment rate and the fixed savings interest rate on at-risk savings outstanding for the period in question. Earnings for future periods from the loan phase are estimated as the difference between the refinancing rate and the fixed loan interest rate on at-risk loans outstanding for the period in question.

The reinvestment rate for savings and the refinancing rate for loans are derived from the swap yield curve and from the spreads expected on financial instruments of similar type and maturity. Spreads are determined on the basis of actual spreads on fixed rate home loans in the case of the loan phase and products offered to individual clients in the case of the savings phase. In order to reflect the uncertainty of future interest rate trends, and the impact of such trends on customer behaviour models and on at-risk outstandings, the obligations are estimated using the Monte-Carlo method.

Where the sum of the Group's estimated future obligations with respect to the savings and loan phases of any generation of contracts indicates a potentially unfavourable situation for the Group, a provision is recognised (with no offset between generations) in the balance sheet in "Provisions for contingencies and charges". Movements in this provision are recognised as interest income in the profit and loss account.

### **1.c.3 SECURITIES**

- **Categories of securities**

Securities held by the Group are classified into one of four categories.

- Financial assets at fair value through profit or loss

Apart from derivative instruments, financial assets at fair value through profit or loss are composed of:

- financial assets held for trading purposes;
- financial assets that the Group has designated, on initial recognition, at fair value through profit or loss using the fair value option available under IAS 39. The conditions for applying the fair value option are set out in section 1.c.11.

Securities in this category are measured at fair value at the balance sheet date. Transaction costs are directly posted in the profit and loss account. Changes in fair value (excluding accrued interest on fixed-income securities) are presented in the profit and loss account under "Net gain/loss on financial instruments at fair value through profit or loss", along with dividends from variable-income securities and realised gains and losses on disposal.

Income earned on fixed-income securities classified into this category is shown under "Interest income" in the profit and loss account.

- Loans and receivables

Securities with fixed or determinable payments that are not traded on an active market, apart from securities for which the owner may not recover almost all of its initial investment due to reasons other than credit deterioration, are classified as "Loans and receivables" if they do not meet the criteria to be classified as "Financial assets at fair value through profit or loss". These securities are measured and recognised as described in section 1.c.1.

- Held-to-maturity financial assets

Held-to-maturity financial assets are investments with fixed or determinable payments and fixed maturity that the Group has the intention and ability to hold until maturity. Hedges contracted to cover assets in this category against interest rate risk do not qualify for hedge accounting as defined in IAS 39.

Assets in this category are accounted for at amortised cost using the effective interest method, which builds in amortisation of premium and discount (corresponding to the difference between the purchase price and redemption value of the asset) and acquisition costs (where material). Income earned from this category of assets is included in "Interest income" in the profit and loss account.

#### - Available-for-sale financial assets

Available-for-sale financial assets are fixed-income and variable-income securities other than those classified as "fair value through profit or loss" or "held-to-maturity" or "loans and receivables".

Assets included in the available-for-sale category are initially recorded at fair value, plus transaction costs where material. At the balance sheet date, they are remeasured at fair value, with changes in fair value (excluding accrued interest) shown on a separate line in shareholders' equity. Upon disposal, these unrealised gains and losses are transferred from shareholders' equity to the profit and loss account, where they are shown on the line "Net gain/loss on available-for-sale financial assets". The same applies in the event of impairment.

Income recognised using the effective interest method for fixed-income available-for-sale securities is recorded under "Interest income" in the profit and loss account. Dividend income from variable-income securities is recognised under "Net gain/loss on available-for-sale financial assets" when the Group's right to receive payment is established.

#### • **Repurchase agreements and securities lending/borrowing**

Securities temporarily sold under repurchase agreements continue to be recorded in the Group's balance sheet in the category of securities to which they belong. The corresponding liability is recognised in the appropriate debt category on the balance sheet except in the case of repurchase agreements contracted for trading purposes where the corresponding liability is classified under "Financial liabilities at fair value through profit or loss".

Securities temporarily acquired under reverse repurchase agreements are not recognised in the Group's balance sheet. The corresponding receivable is recognised under "Loans and receivables" except in the case of reverse repurchase agreements contracted for trading purposes, where the corresponding receivable is recognised under "Financial assets at fair value through profit or loss".

Securities lending transactions do not result in derecognition of the lent securities, and securities borrowing transactions do not result in recognition of the borrowed securities on the balance sheet. In cases where the borrowed securities are subsequently sold by the Group, the obligation to deliver the borrowed securities on maturity is recognised on the balance sheet under "Financial liabilities at fair value through profit or loss".

#### • **Date of recognition for securities transactions**

Securities classified as at fair value through profit or loss, held-to-maturity or available-for-sale financial assets are recognised at the trade date.

Regardless of their classification (at fair value through profit or loss, loans and receivables or debt), temporary sales of securities as well as sales of borrowed securities are initially recognised at the settlement date. For reverse repurchase agreements and repurchase agreements, a financing commitment, respectively given and received, is recognized between the trade date and the settlement date when the transactions are recognised, respectively, as "Loans and receivables" and "Liabilities". When reverse repurchase agreements and repurchase agreements are recognised, respectively, as "Financial assets at fair value through profit or loss" and "Financial liabilities at fair value through profit or loss", the repurchase commitment is recognised as a derivative financial instrument.

Securities transactions are carried on the balance sheet until the Group's rights to receive the related cash flows expire, or until the Group has substantially transferred all the risks and rewards related to ownership of the securities.



## 1.c.4 FOREIGN CURRENCY TRANSACTIONS

The methods used to account for assets and liabilities relating to foreign currency transactions entered into by the Group, and to measure the foreign exchange risk arising on such transactions, depend on whether the asset or liability in question is classified as a monetary or a non-monetary item.

- Monetary assets and liabilities<sup>3</sup> expressed in foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into the functional currency of the relevant Group entity at the closing rate. Translation differences are recognised in the profit and loss account, except for those arising from financial instruments designated as a cash flow hedge or a net foreign investment hedge, which are recognised in shareholders' equity.

- Non-monetary assets and liabilities expressed in foreign currencies

Non-monetary assets may be measured either at historical cost or at fair value. Non-monetary assets expressed in foreign currencies are translated using the exchange rate at the date of the transaction if they are measured at historical cost, and at the closing rate if they are measured at fair value.

Translation differences on non-monetary assets expressed in foreign currencies and measured at fair value (variable-income securities) are recognised in the profit and loss account if the asset is classified under "Financial assets at fair value through profit or loss", and in shareholders' equity if the asset is classified under "Available-for-sale financial assets", unless the financial asset in question is designated as an item hedged against foreign exchange risk in a fair value hedging relationship, in which case the translation difference is recognised in the profit and loss account.

## 1.c.5 IMPAIRMENT AND RESTRUCTURING OF FINANCIAL ASSETS

### • **Doubtful assets**

Doubtful assets are defined as assets where the Bank considers that there is a risk that the debtors will be unable to honour all or part of their commitments.

### • **Impairment of loans and receivables and held-to-maturity financial assets, provisions for financing and guarantee commitments**

An impairment loss is recognised against loans and held-to-maturity financial assets where (i) there is objective evidence of a decrease in value as a result of an event occurring after inception of the loan or acquisition of the asset; (ii) the event affects the amount or timing of future cash flows; and (iii) the consequences of the event can be reliably measured. Loans are initially assessed for evidence of impairment on an individual basis, and subsequently on a portfolio basis. Similar principles are applied to financing and guarantee commitments given by the Group, with the probability of drawdown taken into account in any assessment of financing commitments.

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<sup>(3)</sup> Monetary assets and liabilities are assets and liabilities to be received or paid in fixed or determinable amounts of cash.

At an individual level, objective evidence that a financial asset is impaired includes observable data regarding the following events:

- the existence of accounts that are more than three months past due;
- knowledge or indications that the borrower meets significant financial difficulty, such that a risk can be considered to have arisen regardless of whether the borrower has missed any payments;
- concessions with respect to the credit terms granted to the borrower that the lender would not have considered had the borrower not been meeting financial difficulty (see section "Restructuring of assets classified as "Loans and receivables").

The amount of the impairment is the difference between the carrying amount before impairment and the present value, discounted at the original effective interest rate of the asset, of those components (principal, interest, collateral, etc.) regarded as recoverable. Changes in the amount of impairment losses are recognised in the profit and loss account under "Cost of risk". Any subsequent decrease in an impairment loss that can be related objectively to an event occurring after the impairment loss was recognised is credited to the profit and loss account, also under "Cost of risk". Once an asset has been impaired, the theoretical income earned on the carrying amount of the asset calculated at the original effective interest rate used to discount the estimated recoverable cash flows is recognised under "Interest income" in the profit and loss account.

Impairment losses on loans and receivables are usually recorded in a separate provision account which reduces the amount for which the loan or receivable was recorded in assets upon initial recognition. Provisions relating to off-balance sheet financial instruments, financing and guarantee commitments or disputes are recognised in liabilities. Impaired receivables are written off in whole or in part and the corresponding provision is reversed for the amount of the loss when all other means available to the Bank for recovering the receivables or guarantees have failed, or when all or part of the receivables have been waived.

Counterparties that are not individually impaired are risk-assessed on a portfolio basis with similar characteristics. This assessment draws upon an internal rating system based on historical data, adjusted as necessary to reflect circumstances prevailing at the balance sheet date. It enables the Group to identify groups of counterparties which, as a result of events occurring since inception of the loans, have collectively acquired a probability of default at maturity that provides objective evidence of impairment of the entire portfolio, but without it being possible at that stage to allocate the impairment to individual counterparties. This assessment also estimates the amount of the loss on the portfolios in question, taking account of trends in the economic cycle during the assessment period. Changes in the amount of portfolio impairments are recognised in the profit and loss account under "Cost of risk".

Based on the experienced judgement of the Bank's divisions or Risk Management, the Group may recognise additional collective impairment provisions with respect to a given economic sector or geographic area affected by exceptional economic events. This may be the case when the consequences of these events cannot be measured with sufficient accuracy to adjust the parameters used to determine the collective provision recognised against affected portfolios of loans with similar characteristics.

#### • **Impairment of available-for-sale financial assets**

Impairment of available-for-sale financial assets (which mainly comprise securities) is recognised on an individual basis if there is objective evidence of impairment as a result of one or more events occurring since acquisition.

In the case of variable-income securities quoted in an active market, the control system identifies securities that may be impaired on a long term basis and is based on criteria such as a significant decline in quoted price below the acquisition cost or a prolonged decline, which prompts the Group to carry out an additional individual qualitative analysis. This may lead to the recognition of an impairment loss calculated on the basis of the quoted price.



Apart from the identification criteria, the Group has determined three indications of impairment, one being a significant decline in price, defined as a fall of more than 50% of the acquisition price, another being a prolonged decline over two consecutive years and the final one being a decline on average of at least 30% over an observation period of one year. The Group believes that a period of two years is what is necessary for a moderate decline in price below the purchase cost to be considered as something more than just the effect of random volatility inherent in the stock markets or a cyclical change lasting a few years, but which represents a lasting phenomenon justifying an impairment.

A similar method is applied for variable-income securities not quoted in an active market. Any impairment is then determined based on the model value.

In the case of fixed-income securities, impairment is assessed based on the same criteria applied to individually impaired loans and receivables. For securities quoted in an active market, impairment is determined based on the quoted price. For all the others, it is determined based on model value.

Impairment losses taken against variable-income securities are recognised as a component of Revenues on the line "Net gain/loss on available-for-sale financial assets", and may not be reversed through the profit and loss account until these securities are sold. Any subsequent decline in fair value constitutes an additional impairment loss, recognised in the profit and loss account.

Impairment losses taken against fixed-income securities are recognised under "Cost of risk", and may be reversed through the profit and loss account in the event of an increase in fair value that relates objectively to an event occurring after the last impairment was recognised.

- **Restructuring of assets classified as "Loans and receivables"**

The restructuring of an asset classified in loans and receivables is considered to be a troubled debt restructuring when the Bank, for economic or legal reasons related to the borrower's financial difficulties, agrees to a modification of terms of the original transaction that it would not otherwise consider, resulting in the borrower's contractual obligation to the Bank, measured at present value, being reduced compared with the original terms.

At the time of restructuring, a discount is applied to the loan to reduce its carrying amount to the present value of the new expected future cash flows discounted at the original effective interest rate.

The decrease in the asset value is recognised in the profit and loss account under "Cost of risk".

When the restructuring consists of a partial or full settlement with other substantially different assets, the original debt (see note 1.c.14) and the assets received in settlement are recognised at their fair value on the settlement date. The difference in value is recognised in profit or loss under "Cost of risk".

## 1.c.6 RECLASSIFICATION OF FINANCIAL ASSETS

The only authorised reclassifications of financial assets are the following:

- For a non-derivative financial asset which is no longer held for the purposes of selling it in the near-term, out of "Financial assets at fair value through profit or loss" and into:
  - "Loans and receivables" if the asset meets the definition for this category and the Group has the intention and ability to hold the asset for the foreseeable future or until maturity; or

- Other categories only under rare circumstances when justified and provided that the reclassified assets meet the conditions applicable to the host portfolio.
- Out of “Available-for-sale financial assets” and into:
  - “Loans and receivables” with the same conditions as set out above for “Financial assets at fair value through profit or loss”;
  - “Held-to-maturity financial assets,” for assets that have a maturity, or “Financial assets at cost,” for unlisted variable-income assets.

Financial assets are reclassified at fair value, or at the value calculated by a model, on the reclassification date. Any derivatives embedded in the reclassified financial assets are recognised separately and changes in fair value are recognised through profit or loss.

After reclassification, assets are recognised according to the provisions applied to the host portfolio. The transfer price on the reclassification date is deemed to be the initial cost of the asset for the purpose of determining any impairment.

In the event of reclassification from “Available-for-sale financial assets” to another category, gains or losses previously recognised through equity are amortised to profit or loss over the residual life of the instrument using the effective interest method.

Any upward revisions to the estimated recoverable amounts are recognised through an adjustment to the effective interest rate as of the date on which the estimate is revised. Downward revisions are recognised through an adjustment to the financial asset's carrying amount.

#### **1.c.7 ISSUES OF DEBT SECURITIES**

Financial instruments issued by the Group are qualified as debt instruments if the Group company issuing the instruments has a contractual obligation to deliver cash or another financial asset to the holder of the instrument. The same applies if the Group is required to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group, or to deliver a variable number of the Group's own equity instruments.

Issues of debt securities are initially recognised at the issue value including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Bonds redeemable for or convertible into equity instruments of the Group are accounted for as hybrid instruments with a debt component and an equity component, determined on initial recognition.

### **1.c.8 OWN EQUITY INSTRUMENTS AND OWN EQUITY INSTRUMENT DERIVATIVES**

The term “own equity instruments” refers to shares issued by the parent company (BNP Paribas SA) and by its fully consolidated subsidiaries. External costs that are directly attributable to an issue of new shares are deducted from equity net of all related taxes.

Own equity instruments held by the Group, also known as treasury shares, are deducted from consolidated shareholders' equity irrespective of the purpose for which they are held. Gains and losses arising on such instruments are eliminated from the consolidated profit and loss account.

When the Group acquires equity instruments issued by subsidiaries under the exclusive control of BNP Paribas, the difference between the acquisition price and the share of net assets acquired is recorded in retained earnings attributable to BNP Paribas shareholders. Similarly, the liability corresponding to put options granted to minority shareholders in such subsidiaries, and changes in the value of that liability, are offset initially against minority interests, with any surplus offset against retained earnings attributable to BNP Paribas shareholders. Until these options have been exercised, the portion of net income attributable to minority interests is allocated to minority interests in the profit and loss account. A decrease in the Group's interest in a fully consolidated subsidiary is recognised in the Group's accounts as a change in shareholders' equity.

Own equity instrument derivatives are treated as follows, depending on the method of settlement:

- as equity instruments if they are settled by physical delivery of a fixed number of own equity instruments for a fixed amount of cash or other financial asset. Such instruments are not revalued;
- as derivatives if they are settled in cash, or by choice, depending on whether they are settled by physical delivery of the shares or in cash. Changes in value of such instruments are taken to the profit and loss account.

If the contract includes an obligation, whether contingent or not, for the bank to repurchase its own shares, the bank must recognise the debt at its present value with an offsetting entry in equity.

### **1.c.9 DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING**

All derivative instruments are recognised in the balance sheet on the trade date at the transaction price, and are remeasured to fair value on the balance sheet date.

- **Derivatives held for trading purposes**

Derivatives held for trading purposes are recognised in the balance sheet in “Financial assets at fair value through profit or loss” when their fair value is positive, and in “Financial liabilities at fair value through profit or loss” when their fair value is negative. Realised and unrealised gains and losses are recognised in the profit and loss account on the line “Net gain/loss on financial instruments at fair value through profit or loss”.

- **Derivatives and hedge accounting**

Derivatives contracted as part of a hedging relationship are designated according to the purpose of the hedge.

Fair value hedges are particularly used to hedge interest rate risk on fixed rate assets and liabilities, both for identified financial instruments (securities, debt issues, loans, borrowings) and for portfolios of financial instruments (in particular, demand deposits and fixed rate loans).

Cash flow hedges are particularly used to hedge interest rate risk on floating-rate assets and liabilities, including rollovers, and foreign exchange risks on highly probable forecast foreign currency revenues.

At the inception of the hedge, the Group prepares formal documentation which details the hedging relationship, identifying the instrument, or portion of the instrument, or portion of risk that is being hedged, the hedging strategy and the type of risk hedged, the hedging instrument, and the methods used to assess the effectiveness of the hedging relationship.

On inception and at least quarterly, the Group assesses, in consistency with the original documentation, the actual (retrospective) and expected (prospective) effectiveness of the hedging relationship. Retrospective effectiveness tests are designed to assess whether the ratio of actual changes in the fair value or cash flows of the hedging instrument to those in the hedged item is within a range of 80% to 125%. Prospective effectiveness tests are designed to ensure that expected changes in the fair value or cash flows of the derivative over the residual life of the hedge adequately offset those of the hedged item. For highly probable forecast transactions, effectiveness is assessed largely on the basis of historical data for similar transactions.

Under IAS 39 as adopted by the European Union, which excludes certain provisions on portfolio hedging, interest rate risk hedging relationships based on portfolios of assets or liabilities qualify for fair value hedge accounting as follows:

- the risk designated as being hedged is the interest rate risk associated with the interbank rate component of interest rates on commercial banking transactions (loans to customers, savings accounts and demand deposits);
- the instruments designated as being hedged correspond, for each maturity band, to a portion of the interest rate gap associated with the hedged underlyings;
- the hedging instruments used consist exclusively of “plain vanilla” swaps;
- prospective hedge effectiveness is established by the fact that all derivatives must, on inception, have the effect of reducing interest rate risk in the portfolio of hedged underlyings. Retrospectively, a hedge will be disqualified from hedge accounting once a shortfall arises in the underlyings specifically associated with that hedge for each maturity band (due to prepayment of loans or withdrawals of deposits).

The accounting treatment of derivatives and hedged items depends on the hedging strategy.

In a fair value hedging relationship, the derivative instrument is remeasured at fair value in the balance sheet, with changes in fair value recognised in profit or loss in “Net gain/loss on financial instruments at fair value through profit or loss”, symmetrically with the remeasurement of the hedged item to reflect the hedged risk. In the balance sheet, the fair value remeasurement of the hedged component is recognised in accordance with the classification of the hedged item in the case of a hedge of identified assets and liabilities, or under “Remeasurement adjustment on interest rate risk hedged portfolios” in the case of a portfolio hedging relationship.

If a hedging relationship ceases or no longer fulfils the effectiveness criteria, the hedging instrument is transferred to the trading book and accounted for using the treatment applied to this category. In the case of identified fixed-income instruments, the remeasurement adjustment recognised in the balance sheet is amortised at the effective interest rate over the remaining life of the instrument. In the case of interest rate risk hedged fixed-income portfolios, the adjustment is amortised on a straight-line basis over the remainder of the original term of the hedge. If the hedged item no longer appears in the balance sheet, in particular due to prepayments, the adjustment is taken to the profit and loss account immediately.

In a cash flow hedging relationship, the derivative is measured at fair value in the balance sheet, with changes in fair value taken to shareholders’ equity on a separate line, “Unrealised or deferred gains or losses”. The amounts taken to shareholders’ equity over the life of the hedge are transferred to the profit and loss account under “Net interest income” as and when the cash flows from the hedged item impact profit or loss. The hedged items continue to be accounted for using the treatment specific to the category to which they belong.

If the hedging relationship ceases or no longer fulfils the effectiveness criteria, the cumulative amounts recognised in shareholders’ equity as a result of the remeasurement of the hedging instrument remain in equity until the hedged transaction itself impacts profit or loss, or until it becomes clear that the transaction will not occur, at which point they are transferred to the profit and loss account.

If the hedged item ceases to exist, the cumulative amounts recognised in shareholders' equity are immediately taken to the profit and loss account.

Whatever the hedging strategy used, any ineffective portion of the hedge is recognised in the profit and loss account under "Net gain/loss on financial instruments at fair value through profit or loss".

Hedges of net foreign currency investments in subsidiaries and branches are accounted for in the same way as cash flow hedges. Hedging instruments may be currency derivatives or any other non-derivative financial instrument.

- **Embedded derivatives**

Derivatives embedded in hybrid financial instruments are separated from the value of the host contract and accounted for separately as a derivative if the hybrid instrument is not recorded as a financial asset or liability at fair value through profit or loss, and if the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract.

## **1.c.10 DETERMINATION OF FAIR VALUE**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market or most advantageous market, at the measurement date.

The Group determines the fair value of financial instruments either by using prices obtained directly from external data or by using valuation techniques. These valuation techniques are primarily market and income approaches encompassing generally accepted models (e.g. discounted cash flows, Black-Scholes model, and interpolation techniques). They maximize the use of observable inputs and minimize the use of unobservable inputs. They are calibrated to reflect current market conditions and valuation adjustments are applied as appropriate, when some factors such as model, liquidity and credit risks are not captured by the models or their underlying inputs but are nevertheless considered by market participants when setting the exit price.

The unit of measurement is generally the individual financial asset or financial liability but a portfolio-based measurement can be elected, subject to certain conditions. Accordingly, the Group retains this portfolio-based measurement exception to determine the fair value when some group of financial assets and financial liabilities and other contracts within the scope of the standard relating to financial instruments with substantially similar and offsetting market risks or credit risks are managed on the basis of a net exposure, in accordance with the documented risk management strategy.

Assets and liabilities measured or disclosed at fair value are categorised into the three following levels of the fair value hierarchy:

- Level 1: fair values are determined using directly quoted prices in active markets for identical assets and liabilities. Characteristics of an active market include the existence of a sufficient frequency and volume of activity and of readily available prices.
- Level 2: fair values are determined based on valuation techniques for which significant inputs are observable market data, either directly or indirectly. These techniques are regularly calibrated and the inputs are corroborated with information from active markets.
- Level 3: fair values are determined using valuation techniques for which significant inputs are unobservable or cannot be corroborated by market-based observations, due for instance to illiquidity of the instrument and significant model risk. An unobservable input is a parameter for which there are no market data available and that is therefore derived from proprietary assumptions about what other market participants would consider when assessing fair value. The assessment of whether a product is illiquid or subject to significant model risks is a matter of judgment.

The level in the fair value hierarchy within which the asset or liability is categorised in its entirety is based upon the lowest level input that is significant to the entire fair value.

For financial instruments disclosed in Level 3 of the fair value hierarchy, a difference between the transaction price and the fair value may arise at initial recognition. This “Day One Profit” is deferred and released to the profit and loss account over the period during which the valuation parameters are expected to remain non-observable. When parameters that were originally non-observable become observable, or when the valuation can be substantiated in comparison with recent similar transactions in an active market, the unrecognised portion of the day one profit is released to the profit and loss account.

#### **1.c.11 FINANCIAL ASSETS AND LIABILITIES DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS (FAIR VALUE OPTION)**

Financial assets or financial liabilities may be designated on initial recognition as at fair value through profit or loss, in the following cases:

- hybrid financial instruments containing one or more embedded derivatives which otherwise would have been separated and accounted for separately;
- where using the option enables the entity to eliminate or significantly reduce a mismatch in the measurement and accounting treatment of assets and liabilities that would arise if they were to be classified in separate categories;
- when a group of financial assets and/or financial liabilities is managed and measured on the basis of fair value, in accordance with a documented risk management and investment strategy.

#### **1.c.12 INCOME AND EXPENSES ARISING FROM FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Income and expenses arising from financial instruments measured at amortised cost and from fixed-income securities classified in “Available-for-sale financial assets” are recognised in the profit and loss account using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the asset or liability in the balance sheet. The effective interest rate calculation takes into account all fees received or paid that are an integral part of the effective interest rate of the contract, transaction costs, and premiums and discounts.

The method used by the Group to recognise service-related commission income and expenses depends on the nature of the service. Commission treated as an additional component of interest is included in the effective interest rate, and is recognised in the profit and loss account in “Net interest income”. Commission payable or receivable on execution of a significant transaction is recognised in the profit and loss account in full on execution of the transaction, under “Commission income and expense”. Commission payable or receivable for recurring services is recognised over the term of the service, also under “Commission income and expense”.

Commission received in respect of financial guarantee commitments is regarded as representing the fair value of the commitment. The resulting liability is subsequently amortised over the term of the commitment, under commission income in Revenues.



**1.c.13 COST OF RISK**

Cost of risk includes movements in provisions for impairment of fixed-income securities and loans and receivables due from customers and credit institutions, movements in provisions for financing and guarantee commitments given, losses on irrecoverable loans and amounts recovered on loans written off. This caption also includes impairment losses recorded with respect to default risk incurred on counterparties for over-the-counter financial instruments, as well as expenses relating to fraud and to disputes inherent to the financing business.

**1.c.14 DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

The Group derecognises all or part of a financial asset either when the contractual rights to the cash flows from the asset expire or when the Group transfers the contractual rights to the cash flows from the asset and substantially all the risks and rewards of ownership of the asset. Unless these conditions are fulfilled, the Group retains the asset in its balance sheet and recognises a liability for the obligation created as a result of the transfer of the asset.

The Group derecognises all or part of a financial liability when the liability is extinguished in full or in part.

**1.c.15 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

A financial asset and a financial liability are offset and the net amount presented in the balance sheet if, and only if, the Group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Repurchase agreements and derivatives traded with clearing houses that meet the two criteria set out in the accounting standard are offset in the balance sheet.

**1.d ACCOUNTING STANDARDS SPECIFIC TO THE INSURANCE BUSINESS**

The specific accounting policies relating to assets and liabilities generated by insurance contracts and financial contracts with a discretionary participation feature written by fully consolidated insurance companies are retained for the purposes of the consolidated financial statements. These policies comply with IFRS 4.

All other insurance company assets and liabilities are accounted for using the policies applied to the Group's assets and liabilities generally, and are included in the relevant balance sheet and profit and loss account headings in the consolidated financial statements.

**1.d.1 ASSETS**

Financial assets and property are accounted for using the policies described elsewhere in this note. The only exceptions are shares in civil property companies (SCIs) held in unit-linked insurance contract portfolios, which are measured at fair value on the balance sheet date with changes in fair value taken to profit or loss.

Financial assets and property representing technical provisions related to unit-linked business are shown respectively in "Financial assets at fair value through profit or loss" and in "Investment property", and are stated at the realisable value of the underlying assets at the balance sheet date.

## 1.d.2 LIABILITIES

The Group's obligations to policyholders and beneficiaries are shown in "Technical reserves of insurance companies" and are comprised of liabilities relating to insurance contracts carrying a significant insurance risk (e.g., mortality or disability) and to financial contracts with a discretionary participation feature, which are covered by IFRS 4. A discretionary participation feature is one which gives life policyholders the right to receive a share of actual profits as a supplement to guaranteed benefits.

Liabilities relating to other financial contracts, which are covered by IAS 39, are shown in "Due to customers".

Unit-linked contract liabilities are measured in reference to the fair value of the underlying assets at the balance sheet date.

The benefits offered for life insurance relate mainly to the risk of death (term life insurance, annuities, loan repayment, guaranteed minimum on unit-linked contracts) and, for borrowers' insurance, to disability, incapacity and unemployment risks. These types of risks are controlled by the use of appropriate mortality tables (certified tables in the case of annuity-holders), medical screening appropriate to the level of benefit offered, statistical monitoring of insured populations, and reinsurance programmes.

For life insurance, technical reserves consist mainly of mathematical reserves which correspond, as a minimum, to the surrender value of the contract.

Non-life technical reserves consist of unearned premium reserves (corresponding to the portion of written premiums relating to future periods) and outstanding claims reserves, inclusive of claims handling costs.

The adequacy of technical reserves (net of unamortised acquisition costs) is tested at the balance sheet date by comparing them with the average value of future cash flows as derived from stochastic analyses. Any adjustments to technical reserves are taken to the profit and loss account for the period.

A capitalisation reserve is set up in individual statutory accounts of French life-insurance companies on the sale of amortisable securities in order to defer part of the net realised gain and hence maintain the yield to maturity on the portfolio of admissible assets. In the consolidated financial statements, this reserve is reclassified into "Policyholders' surplus" on the liabilities side of the consolidated balance sheet, to the extent that it is highly probable it will be used.

The policyholders' surplus reserve also includes amounts resulting from the application of shadow accounting representing the interest of policyholders, mainly within French life insurance subsidiaries, in unrealised gains and losses on assets where the benefit paid under the policy is linked to the return on those assets. This interest is an average derived from stochastic analyses of unrealised gains and losses attributable to policyholders in various scenarios.

In the event of an unrealised loss on shadow accounted assets, a policyholders' loss reserve is recognised on the assets side of the consolidated balance sheet in an amount equal to the probable deduction from the policyholders' future profit share. The recoverability of the policyholders' loss reserve is assessed prospectively, taking into account policyholders' surplus reserves recognised elsewhere, capital gains on financial assets that are not shadow accounted due to accounting elections made (held-to-maturity financial assets and property investments measured at cost) and the company's ability and intention to hold the assets carrying the unrealised loss. The policyholders' loss reserve is recognised symmetrically with the corresponding assets and shown on the assets side of the balance sheet under the line item "Accrued income and other assets".



### 1.d.3 PROFIT AND LOSS ACCOUNT

Income and expenses arising on insurance contracts written by the Group are recognised in the profit and loss account under “Income from other activities” and “Expense on other activities”.

Other insurance company income and expenses are included in the relevant profit and loss account item. Consequently, movements in the policyholders’ surplus reserve are shown on the same line as gains and losses on the assets that generated the movements.

## 1.e PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment and intangible assets shown in the consolidated balance sheet are composed of assets used in operations and investment property.

Assets used in operations are those used in the provision of services or for administrative purposes, and include non-property assets leased by the Group as lessor under operating leases.

Investment property comprises property assets held to generate rental income and capital gains.

Property, plant and equipment and intangible assets are initially recognised at purchase price plus directly attributable costs, together with borrowing costs where a long period of construction or adaptation is required before the asset can be brought into service.

Software developed internally by the BNP Paribas Group that fulfils the criteria for capitalisation is capitalised at direct development cost, which includes external costs and the labour costs of employees directly attributable to the project.

Subsequent to initial recognition, property, plant and equipment and intangible assets are measured at cost less accumulated depreciation or amortisation and any impairment losses. The only exceptions are shares in civil property companies (SCIs) held in unit-linked insurance contract portfolios, which are measured at fair value on the balance sheet date, with changes in fair value taken to profit or loss.

The depreciable amount of property, plant and equipment and intangible assets is calculated after deducting the residual value of the asset. Only assets leased by the Group as the lessor under operating leases are presumed to have a residual value, as the useful life of property, plant and equipment and intangible assets used in operations is generally the same as their economic life.

Property, plant and equipment and intangible assets are depreciated or amortised using the straight-line method over the useful life of the asset. Depreciation and amortisation expense is recognised in the profit and loss account under “Depreciation, amortisation and impairment of property, plant and equipment and intangible assets”.

Where an asset consists of a number of components which may require replacement at regular intervals, or which have different uses or generate economic benefits at different rates, each component is recognised separately and depreciated using a method appropriate to that component. The BNP Paribas Group has adopted the component-based approach for property used in operations and for investment property.

The depreciation periods used for office property are as follows: 80 years or 60 years for the shell (for prime and other property respectively); 30 years for facades; 20 years for general and technical installations; and 10 years for fixtures and fittings.

Software is amortised, depending on its type, over periods of no more than 8 years in the case of infrastructure developments and 3 years or 5 years in the case of software developed primarily for the purpose of providing services to customers.

Software maintenance costs are expensed as incurred. However, expenditure that is regarded as upgrading the software or extending its useful life is included in the initial acquisition or production cost.

Depreciable property, plant and equipment and intangible assets are tested for impairment if there is an indication of potential impairment at the balance sheet date. Non-depreciable assets are tested for impairment at least annually, using the same method as for goodwill allocated to cash-generating units.

If there is an indication of impairment, the new recoverable amount of the asset is compared with the carrying amount. If the asset is found to be impaired, an impairment loss is recognised in the profit and loss account. This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. Impairment losses are taken to the profit and loss account in “Depreciation, amortisation and impairment of property, plant and equipment and intangible assets”.

Gains and losses on disposals of property, plant and equipment and intangible assets used in operations are recognised in the profit and loss account in “Net gain on non-current assets”.

Gains and losses on disposals of investment property are recognised in the profit and loss account in “Income from other activities” or “Expense on other activities”.

## **1.f LEASES**

Group companies may either be the lessee or the lessor in a lease agreement.

### **1.f.1 LESSOR ACCOUNTING**

Leases contracted by the Group as lessor are categorised as either finance leases or operating leases.

- **Finance leases**

In a finance lease, the lessor transfers substantially all the risks and rewards of ownership of an asset to the lessee. It is treated as a loan made to the lessee to finance the purchase of the asset.

The present value of the lease payments, plus any residual value, is recognised as a receivable. The net income earned from the lease by the lessor is equal to the amount of interest on the loan, and is taken to the profit and loss account under “Interest income”. The lease payments are spread over the lease term, and are allocated to reduction of the principal and to interest such that the net income reflects a constant rate of return on the net investment outstanding in the lease. The rate of interest used is the rate implicit in the lease.

Individual and portfolio impairments of lease receivables are determined using the same principles as applied to other loans and receivables.

- **Operating leases**

An operating lease is a lease under which substantially all the risks and rewards of ownership of an asset are not transferred to the lessee.

The asset is recognised under property, plant and equipment in the lessor’s balance sheet and depreciated on a straight-line basis over its useful life. The depreciable amount excludes the residual value of the asset. The lease payments are taken to the profit and loss account in full on a straight-line basis over the lease term. Lease payments and depreciation expenses are taken to the profit and loss account under “Income from other activities” and “Expense on other activities”.

### **1.f.2 LESSEE ACCOUNTING**

Leases contracted by the Group as lessee are categorised as either finance leases or operating leases.

- **Finance leases**

A finance lease is treated as an acquisition of an asset by the lessee, financed by a loan. The leased asset is recognised in the balance sheet of the lessee at the lower of its fair value or the present value of the minimum lease payments calculated at the interest rate implicit in the lease. A matching liability, equal to the fair value of the leased asset or the present value of the minimum lease payments, is also recognised in the balance sheet of the lessee. The asset is depreciated using the same method as that applied to owned assets, after deducting the residual value from the amount initially recognised, over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life. The lease obligation is accounted for at amortised cost.

- **Operating leases**

The asset is not recognised in the balance sheet of the lessee. Lease payments made under operating leases are taken to the profit and loss account of the lessee on a straight-line basis over the lease term.

## **1.g NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

Where the Group decides to sell non-current assets and it is highly probable that the sale will occur within 12 months, these assets are shown separately in the balance sheet, on the line “Non-current assets held for sale”. Any liabilities associated with these assets are also shown separately in the balance sheet, on the line “Liabilities associated with non-current assets held for sale”.

Once classified in this category, non-current assets and groups of assets and liabilities are measured at the lower of carrying amount or fair value less costs to sell.

Such assets are no longer depreciated. If an asset or group of assets and liabilities becomes impaired, an impairment loss is recognised in the profit and loss account. Impairment losses may be reversed.

Where a group of assets and liabilities held for sale represents a cash generating unit, it is categorised as a “discontinued operation”. Discontinued operations include operations that are held for sale, operations that have been shut down, and subsidiaries acquired exclusively with a view to resell.

All gains and losses related to discontinued operations are shown separately in the profit and loss account, on the line “Post-tax gain/loss on discontinued operations and assets held for sale”. This line includes the post-tax profits or losses of discontinued operations, the post-tax gain or loss arising from remeasurement at fair value less costs to sell, and the post-tax gain or loss on disposal of the operation.

## 1.h EMPLOYEE BENEFITS

Employee benefits are classified in one of four categories:

- short-term benefits, such as salary, annual leave, incentive plans, profit-sharing and additional payments;
- long-term benefits, including compensated absences, long-service awards, and other types of cash-based deferred compensation;
- termination benefits;
- post-employment benefits, including top-up banking industry pensions and retirement bonuses in France and pension plans in other countries, some of which are operated through pension funds.

- **Short-term benefits**

The Group recognises an expense when it has used services rendered by employees in exchange for employee benefits.

- **Long-term benefits**

These are benefits, other than short-term benefits, post-employment benefits and termination benefits. This relates, in particular, to compensation deferred for more than 12 months and not linked to the BNP Paribas share price, which is accrued in the financial statements for the period in which it is earned.

The actuarial techniques used are similar to those used for defined-benefit post-employment benefits, except that the revaluation items are recognised in the profit and loss account and not in equity.

- **Termination benefits**

Termination benefits are employee benefits payable in exchange for the termination of an employee's contract as a result of either a decision by the Group to terminate a contract of employment before the legal retirement age, or a decision by an employee to accept voluntary redundancy in exchange for these benefits. Termination benefits due more than 12 months after the balance sheet date are discounted.

- **Post-employment benefits**

In accordance with IFRS, the BNP Paribas Group draws a distinction between defined-contribution plans and defined-benefit plans.

Defined-contribution plans do not give rise to an obligation for the Group and do not require a provision. The amount of the employer's contributions payable during the period is recognised as an expense.

Only defined-benefit schemes give rise to an obligation for the Group. This obligation must be measured and recognised as a liability by means of a provision.

The classification of plans into these two categories is based on the economic substance of the plan, which is reviewed to determine whether the Group has a legal or constructive obligation to pay the agreed benefits to employees.

Post-employment benefit obligations under defined-benefit plans are measured using actuarial techniques that take demographic and financial assumptions into account.

The net liability recognised with respect to post-employment benefit plans is the difference between the present value of the defined-benefit obligation and the fair value of any plan assets.

The present value of the defined-benefit obligation is measured on the basis of the actuarial assumptions applied by the Group, using the projected unit credit method. This method takes into account various parameters, specific to each country or Group entity, such as demographic assumptions, the probability that employees will leave before retirement age, salary inflation, a discount rate, and the general inflation rate.

When the value of the plan assets exceeds the amount of the obligation, an asset is recognised if it represents a future economic benefit for the Group in the form of a reduction in future contributions or a future partial refund of amounts paid into the plan.

The annual expense recognised in the profit and loss account under “Salaries and employee benefits”, with respect to defined-benefit plans includes the current service cost (the rights vested by each employee during the period in return for service rendered), the net interests linked to the effect of discounting the net defined-benefit liability (asset), the past service cost arising from plan amendments or curtailments, and the effect of any plan settlements.

Remeasurements of the net defined-benefit liability (asset) are recognised in shareholders’ equity and are never reclassified to profit or loss. They include actuarial gains and losses, the return on plan assets and any change in the effect of the asset ceiling (excluding amounts included in net interest on the defined-benefit liability or asset).

## **1.i SHARE-BASED PAYMENTS**

Share-based payment transactions are payments based on shares issued by the Group, whether the transaction is settled in the form of equity or cash of which the amount is based on trends in the value of BNP Paribas shares.

IFRS 2 requires share-based payments granted after 7 November 2002 to be recognised as an expense. The amount recognised is the value of the share-based payment granted to the employee.

The Group grants employees stock subscription option plans and deferred share-based or share price-linked cash-settled compensation plans, and also offers them the possibility to purchase specially-issued BNP Paribas shares at a discount, on condition that they retain the shares for a specified period.

- **Stock option and share award plans**

The expense related to stock option and share award plans is recognised over the vesting period, if the benefit is conditional upon the grantee’s continued employment.

Stock options and share award expenses are recorded under salary and employee benefits expenses, with a corresponding adjustment to shareholders’ equity. They are calculated on the basis of the overall plan value, determined at the date of grant by the Board of Directors.

In the absence of any market for these instruments, financial valuation models are used that take into account any performance conditions related to the BNP Paribas share price. The total expense of a plan is determined by multiplying the unit value per option or share awarded by the estimated number of options or shares awarded vested at the end of the vesting period, taking into account the conditions regarding the grantee’s continued employment.

The only assumptions revised during the vesting period, and hence resulting in a remeasurement of the expense, are those relating to the probability that employees will leave the Group and those relating to performance conditions that are not linked to the price value of BNP Paribas shares.

- **Share price-linked cash-settled deferred compensation plans**

The expense related to these plans is recognised in the year during which the employee rendered the corresponding services.

If the payment of share-based variable compensation is explicitly subject to the employee's continued presence at the vesting date, the services are presumed to have been rendered during the vesting period and the corresponding compensation expense is recognised on a pro rata basis over that period. The expense is recognised under salary and employee benefits expenses with a corresponding liability in the balance sheet. It is revised to take into account any non-fulfilment of the continued presence or performance conditions and the change in BNP Paribas share price.

If there is no continued presence condition, the expense is not deferred, but recognised immediately with a corresponding liability in the balance sheet. This is then revised on each reporting date until settlement to take into account any performance conditions and the change in the BNP Paribas share price.

- **Share subscriptions or purchases offered to employees under the company savings plan**

Share subscriptions or purchases offered to employees under the company savings plan (*Plan d'Épargne Entreprise*) at lower-than-market rates over a specified period do not include a vesting period. However, employees are prohibited by law from selling shares acquired under this plan for a period of five years. This restriction is taken into account when measuring the benefit to the employees, which is reduced accordingly. Therefore, the benefit equals the difference, at the date the plan is announced to employees, between the fair value of the share (after allowing for the restriction on sale) and the acquisition price paid by the employee, multiplied by the number of shares acquired.

The cost of the mandatory five-year holding period is equivalent to the cost of a strategy involving the forward sale of shares subscribed at the time of the capital increase reserved for employees and the cash purchase of an equivalent number of BNP Paribas shares on the market, financed by a loan repaid at the end of a five-year period out of the proceeds from the forward sale transaction. The interest rate on the loan is the rate that would be applied to a five-year general purpose loan taken out by an individual with an average risk profile. The forward sale price for the shares is determined on the basis of market parameters.

## **1.j PROVISIONS RECORDED UNDER LIABILITIES**

Provisions recorded under liabilities (other than those relating to financial instruments, employee benefits and insurance contracts) mainly relate to restructuring, claims and litigation, fines and penalties, and tax risks.

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation arising from a past event, and a reliable estimate can be made of the amount of the obligation. The amount of such obligations is discounted, where the impact of discounting is material, in order to determine the amount of the provision.



## **1.k CURRENT AND DEFERRED TAXES**

The current income tax charge is determined on the basis of the tax laws and tax rates in force in each country in which the Group operates during the period in which the income is generated.

Deferred taxes are recognised when temporary differences arise between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax liabilities are recognised for all taxable temporary differences other than:

- taxable temporary differences on initial recognition of goodwill;
- taxable temporary differences on investments in enterprises under the exclusive or joint control of the Group, where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and unused carryforwards of tax losses only to the extent that it is probable that the entity in question will generate future taxable profits against which these temporary differences and tax losses can be offset.

Deferred tax assets and liabilities are measured using the liability method, using the tax rate which is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been or will have been enacted by the balance sheet date of that period. They are not discounted.

Deferred tax assets and liabilities are offset when they arise within the same tax group, they fall under the jurisdiction of a single tax authority, and there is a legal right to offset.

Current and deferred taxes are recognised as tax income or expenses in the profit and loss account, except for those relating to a transaction or an event directly recognised in shareholders' equity, which are also recognised in shareholders' equity.

When tax credits on revenues from receivables and securities are used to settle corporate income tax payable for the period, the tax credits are recognised on the same line as the income to which they relate. The corresponding tax expense continues to be carried in the profit and loss account under "Corporate income tax".

## **1.1 CASH FLOW STATEMENT**

The cash and cash equivalents balance is composed of the net balance of cash accounts and accounts with central banks, and the net balance of interbank demand loans and deposits.

Changes in cash and cash equivalents related to operating activities reflect cash flows generated by the Group's operations, including cash flows related to investment property, held-to-maturity financial assets and negotiable certificates of deposit.

Changes in cash and cash equivalents related to investing activities reflect cash flows resulting from acquisitions and disposals of subsidiaries, associates or joint ventures included in the consolidated group, as well as acquisitions and disposals of property, plant and equipment excluding investment property and property held under operating leases.

Changes in cash and cash equivalents related to financing activities reflect the cash inflows and outflows resulting from transactions with shareholders, cash flows related to bonds and subordinated debt, and debt securities (excluding negotiable certificates of deposit).

## **1.m USE OF ESTIMATES IN THE PREPARATION OF THE FINANCIAL STATEMENTS**

Preparation of the financial statements requires managers of core businesses and corporate functions to make assumptions and estimates that are reflected in the measurement of income and expense in the profit and loss account and of assets and liabilities in the balance sheet, and in the disclosure of information in the notes to the financial statements. This requires the managers in question to exercise their judgement and to make use of information available at the date of the preparation of the financial statements when making their estimates. The actual future results from operations where managers have made use of estimates may in reality differ significantly from those estimates, mainly according to market conditions. This may have a material effect on the financial statements.

This applies in particular to:

- impairment losses recognised to cover credit risks inherent in banking intermediation activities;
- the use of internally-developed models to measure positions in financial instruments that are not quoted in active markets;
- calculations of the fair value of unquoted financial instruments classified in "Available-for-sale financial assets", "Financial assets at fair value through profit or loss" or "Financial liabilities at fair value through profit or loss", and more generally calculations of the fair value of financial instruments subject to a fair value disclosure requirement;
- whether a market is active or inactive for the purposes of using a valuation technique;
- impairment losses on variable-income financial assets classified as "Available-for-sale";
- impairment tests performed on intangible assets;
- the appropriateness of the designation of certain derivative instruments such as cash flow hedges, and the measurement of hedge effectiveness;
- estimates of the residual value of assets leased under finance leases or operating leases, and more generally of assets on which depreciation is charged net of their estimated residual value;
- the measurement of provisions for contingencies and charges.

This is also the case for assumptions applied to assess the sensitivity of each type of market risk and the sensitivity of valuations to non-observable parameters.



## 2. NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2016

### 2.a NET INTEREST INCOME

The BNP Paribas Group includes in “Interest income” and “Interest expense” all income and expense from financial instruments measured at amortised cost (interest, fees/commissions, transaction costs), and from financial instruments measured at fair value that do not meet the definition of a derivative instrument. These amounts are calculated using the effective interest method. The change in fair value on financial instruments at fair value through profit or loss (excluding accrued interest) is recognised under “Net gain/loss on financial instruments at fair value through profit or loss”.

Interest income and expense on derivatives accounted for as fair value hedges are included with the revenues generated by the hedged item. Similarly, interest income and expense arising from derivatives used to hedge transactions designated as at fair value through profit or loss is allocated to the same accounts as the interest income and expense relating to the underlying transactions.

| In millions of euros  | Year to 31 Dec. 2016 |                 |                | Year to 31 Dec. 2015 |                 |                |
|---|----------------------|-----------------|----------------|----------------------|-----------------|----------------|
|   | Income               | Expense         | Net            | Income               | Expense         | Net            |
| <b>Customer items</b>   | <b>24,635</b>        | <b>(7,082)</b>  | <b>17,553</b>  | <b>25,204</b>        | <b>(7,498)</b>  | <b>17,706</b>  |
| Deposits, loans and borrowings                                    | 23,412               | (6,969)         | 16,443         | 23,998               | (7,438)         | 16,560         |
| Repurchase agreements   | 29                   | (58)            | (29)           | 38                   | (11)            | 27             |
| Finance leases  | 1,194                | (55)            | 1,139          | 1,168                | (49)            | 1,119          |
| <b>Interbank items</b>  | <b>1,483</b>         | <b>(1,716)</b>  | <b>(233)</b>   | <b>1,368</b>         | <b>(1,305)</b>  | <b>63</b>      |
| Deposits, loans and borrowings                                    | 1,459                | (1,548)         | (89)           | 1,310                | (1,165)         | 145            |
| Repurchase agreements   | 24                   | (168)           | (144)          | 58                   | (140)           | (82)           |
| <b>Debt securities issued</b>                                     |                      | <b>(1,662)</b>  | <b>(1,662)</b> |                      | <b>(1,805)</b>  | <b>(1,805)</b> |
| <b>Cash flow hedge instruments</b>                                | <b>3,893</b>         | <b>(2,567)</b>  | <b>1,326</b>   | <b>4,249</b>         | <b>(3,334)</b>  | <b>915</b>     |
| <b>Interest rate portfolio hedge instruments</b>                  | <b>3,468</b>         | <b>(3,356)</b>  | <b>112</b>     | <b>3,105</b>         | <b>(3,409)</b>  | <b>(304)</b>   |
| <b>Financial instruments at fair value through profit or loss</b> | <b>2,289</b>         | <b>(2,135)</b>  | <b>154</b>     | <b>2,231</b>         | <b>(1,477)</b>  | <b>754</b>     |
| Fixed-income securities   | 858                  |                 | 858            | 1,406                |                 | 1,406          |
| Loans / borrowings  | 57                   | (418)           | (361)          | 187                  | (348)           | (161)          |
| Repurchase agreements   | 1,374                | (1,513)         | (139)          | 638                  | (778)           | (140)          |
| Debt securities   |                      | (204)           | (204)          |                      | (351)           | (351)          |
| <b>Available-for-sale financial assets</b>                        | <b>4,789</b>         |                 | <b>4,789</b>   | <b>4,840</b>         |                 | <b>4,840</b>   |
| <b>Held-to-maturity financial assets</b>                          | <b>337</b>           |                 | <b>337</b>     | <b>384</b>           |                 | <b>384</b>     |
| <b>Total interest income/(expense)</b>                            | <b>40,894</b>        | <b>(18,518)</b> | <b>22,376</b>  | <b>41,381</b>        | <b>(18,828)</b> | <b>22,553</b>  |

Interest income on individually impaired loans amounted to EUR 600 million in the year ended 31 December 2016 compared with EUR 546 million in the year ended 31 December 2015.

## 2.b COMMISSION INCOME AND EXPENSE

Commission income and expense on financial instruments not measured at fair value through profit or loss amounted to EUR 2,592 million and EUR 282 million respectively in 2016, compared with income of EUR 2,975 million and expense of EUR 355 million in 2015.

Net commission income related to trust and similar activities through which the Group holds or invests assets on behalf of clients, trusts, pension and personal risk funds or other institutions amounted to EUR 2,482 million in 2016, compared with EUR 2,539 million in 2015.

## 2.c NET GAIN ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net gain on financial instruments at fair value through profit or loss includes all profit and loss items (including dividends) relating to financial instruments managed in the trading book and financial instruments that the Group has designated as at fair value through profit or loss under the fair value option, other than interest income and expense which are recognised in "Net interest income" (note 2.a).

Gains and losses on financial instruments designated as at fair value through profit or loss are mainly related to instruments whose changes in value may be compensated by changes in the value of economic hedging trading book instruments.

| In millions of euros  | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|----------------------|----------------------|
| <b>Trading book</b>   | <b>6,406</b>         | <b>2,622</b>         |
| Interest rate and credit instruments  | 1,186                | 1,637                |
| Equity financial instruments  | 1,096                | 3,416                |
| Foreign exchange financial instruments  | 3,166                | (1,676)              |
| Other derivatives   | 991                  | (782)                |
| Repurchase agreements   | (33)                 | 27                   |
| <b>Financial instruments designated as at fair value through profit or loss</b>                 | <b>(177)</b>         | <b>3,352</b>         |
| <i>of which debt remeasurement effect arising from BNP Paribas Group issuer risk (note 4.d)</i> | 25                   | 266                  |
| <b>Impact of hedge accounting</b>   | <b>(40)</b>          | <b>80</b>            |
| Fair value hedging derivatives  | (319)                | 609                  |
| Hedged items in fair value hedge  | 279                  | (529)                |
| <b>Total</b>  | <b>6,189</b>         | <b>6,054</b>         |

Net gains on the trading book in 2016 and 2015 include a non-material amount related to the ineffective portion of cash flow hedges.

## 2.d NET GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS AND OTHER FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE

| In millions of euros   | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|--|----------------------|----------------------|
| <b>Loans and receivables, fixed-income securities <sup>(1)</sup></b> | <b>843</b>           | <b>510</b>           |
| Disposal gains and losses  | 843                  | 510                  |
| <b>Equities and other variable-income securities</b>                 | <b>1,368</b>         | <b>975</b>           |
| Dividend income  | 611                  | 580                  |
| Additions to impairment provisions                                   | (376)                | (333)                |
| Net disposal gains   | 1,133                | 728                  |
| <b>Total</b>   | <b>2,211</b>         | <b>1,485</b>         |

<sup>(1)</sup> Interest income from fixed-income financial instruments is included in "Net interest income" (note 2.a), and impairment losses related to potential issuer default are included in "Cost of risk" (note 2.g).

After the impact of insurance policyholders' surplus reserve, unrealised gains and losses previously recorded under "Changes in assets and liabilities recognised directly in shareholders' equity" and included in the pre-tax income, amount to a gain of EUR 1,373 million for the year ended 31 December 2016 compared with a net gain of EUR 635 million for the year ended 31 December 2015.

The application of the automatic impairment criteria and qualitative analysis led to a first impairment of variable-income securities, for the following amounts:

- EUR 106 million linked to a decline in price of more than 50% of the acquisition price (EUR 40 million in 2015),
- EUR 45 million linked to the observation of an unrealised loss over two consecutive years (EUR 39 million in 2015),
- No impairment linked to the observation of an unrealised loss of at least an average of 30% over one year (EUR 9 million in 2015),
- EUR 85 million linked to an additional qualitative analysis (EUR 28 million in 2015).

## 2.e NET INCOME FROM OTHER ACTIVITIES

| In millions of euros                               | Year to 31 Dec. 2016 |                 |              | Year to 31 Dec. 2015 |                 |              |
|--|----------------------|-----------------|--------------|----------------------|-----------------|--------------|
|  | Income               | Expense         | Net          | Income               | Expense         | Net          |
| Net income from insurance activities               | 26,545               | (22,782)        | 3,763        | 29,184               | (25,435)        | 3,749        |
| Net income from investment property                | 97                   | (47)            | 50           | 74                   | (60)            | 14           |
| Net income from assets held under operating leases | 7,564                | (6,207)         | 1,357        | 6,249                | (5,019)         | 1,230        |
| Net income from property development activities    | 806                  | (632)           | 174          | 1,031                | (834)           | 197          |
| Other net income                                   | 1,520                | (1,431)         | 89           | 1,751                | (1,710)         | 41           |
| <b>Total net income from other activities</b>      | <b>36,532</b>        | <b>(31,099)</b> | <b>5,433</b> | <b>38,289</b>        | <b>(33,058)</b> | <b>5,231</b> |

- **Net income from insurance activities**

| In millions of euros  | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|----------------------|----------------------|
| Gross premiums written  | 22,599               | 23,633               |
| Policy benefit expenses   | (14,738)             | (14,763)             |
| Changes in technical reserves   | (4,828)              | (7,024)              |
| Change in value of admissible investments related to unit-linked policies | 979                  | 2,143                |
| Reinsurance ceded   | (335)                | (320)                |
| Other net income  | 86                   | 80                   |
| <b>Total net income from insurance activities</b>                         | <b>3,763</b>         | <b>3,749</b>         |

"Policy benefit expenses" include expenses arising from surrenders, maturities and claims relating to insurance contracts. "Changes in technical reserves" reflect changes in the value of financial contracts, in particular unit-linked policies. Interest paid on such contracts is recognised in interest expense related to customer items.

## 2.f OTHER OPERATING EXPENSES

| In millions of euros                           | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|--|----------------------|----------------------|
| External services and other operating expenses | (9,581)              | (9,950)              |
| Taxes <sup>(1)</sup>                           | (1,698)              | (1,589)              |
| <b>Total other operating expenses</b>          | <b>(11,279)</b>      | <b>(11,539)</b>      |

<sup>(1)</sup>Taxes notably include the contribution to the Single Resolution Fund which amounts to EUR 508 million in 2016 compared with EUR 336 million in 2015.

## 2.g COST OF RISK

“Cost of risk” represents the net amount of impairment losses recognised in respect to credit risks inherent in the Group’s banking intermediation activities, plus any impairment losses in the cases of known counterparty risks on over-the-counter financial instruments.

- Cost of risk for the period**

| In millions of euros   | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|--|----------------------|----------------------|
| Net allowances to impairment   | (3,304)              | (3,739)              |
| Recoveries on loans and receivables previously written off               | 545                  | 589                  |
| Irrecoverable loans and receivables not covered by impairment provisions | (503)                | (647)                |
| <b>Total cost of risk for the period</b>                                 | <b>(3,262)</b>       | <b>(3,797)</b>       |

Cost of risk for the period by asset type

| In millions of euros                               | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|--|----------------------|----------------------|
| Loans and receivables due from credit institutions | 44                   | (10)                 |
| Loans and receivables due from customers           | (3,199)              | (3,639)              |
| Available-for-sale financial assets                | (8)                  | (18)                 |
| Financial instruments of trading activities        | (3)                  | (16)                 |
| Other assets                                       | (5)                  | (17)                 |
| Commitments given and other items                  | (91)                 | (97)                 |
| <b>Total cost of risk for the period</b>           | <b>(3,262)</b>       | <b>(3,797)</b>       |
| <i>Cost of risk on a specific basis</i>            | <i>(3,682)</i>       | <i>(3,961)</i>       |
| <i>Cost of risk on a collective basis</i>          | <i>420</i>           | <i>164</i>           |

- Credit risk impairment**

Impairment variance during the period

| In millions of euros                              | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|----------------------|----------------------|
| <b>Total impairment at beginning of year</b>      | <b>27,676</b>        | <b>27,945</b>        |
| Net allowance to impairment                       | 3,304                | 3,739                |
| Impairment provisions used                        | (2,648)              | (4,342)              |
| Effect of exchange rate movements and other items | 143                  | 334                  |
| <b>Total impairment at end of year</b>            | <b>28,475</b>        | <b>27,676</b>        |

Impairment by asset type

| In millions of euros   | 31 December 2016 | 31 December 2015 |
|--|------------------|------------------|
| <b>Impairment of assets</b>  |                  |                  |
| Loans and receivables due from credit institutions (note 4.f)        | 188              | 241              |
| Loans and receivables due from customers (note 4.g)                  | 27,045           | 26,194           |
| Financial instruments of trading activities                          | 112              | 141              |
| Available-for-sale financial assets (note 4.c)                       | 78               | 75               |
| Other assets   | 54               | 50               |
| <b>Total impairment of financial assets</b>                          | <b>27,477</b>    | <b>26,701</b>    |
| <i>of which specific impairment</i>                                  | <i>24,335</i>    | <i>23,200</i>    |
| <i>of which collective provisions</i>                                | <i>3,142</i>     | <i>3,501</i>     |
| <b>Provisions recognised as liabilities</b>                          |                  |                  |
| Provisions for commitments given                                     |                  |                  |
| - to credit institutions   | 7                | 16               |
| - to customers   | 477              | 422              |
| Other specific provisions  | 514              | 537              |
| <b>Total provisions recognised for credit commitments (note 4.q)</b> | <b>998</b>       | <b>975</b>       |
| <i>of which specific impairment for commitments given</i>            | <i>378</i>       | <i>317</i>       |
| <i>of which collective provisions</i>                                | <i>106</i>       | <i>120</i>       |
| <b>Total impairment and provisions</b>                               | <b>28,475</b>    | <b>27,676</b>    |

## 2.h COSTS RELATED TO THE COMPREHENSIVE SETTLEMENT WITH US AUTHORITIES

On 30 June 2014, the Group has come to a comprehensive settlement of the pending investigation relating to US dollar transactions involving parties subject to US sanctions, including agreements with the U.S. Department of Justice, the U.S. Attorney's Office for the Southern District of New York, the New York County District Attorney's Office, the Board of Governors of the U.S. Federal Reserve System (FED), the New York State Department of Financial Services (DFS), and the US Department of the Treasury's Office of Foreign Assets Control (OFAC).

The settlement includes guilty pleas entered into by BNP Paribas SA in relation to violations of certain US laws and regulations regarding economic sanctions against certain countries and related recordkeeping. BNP Paribas also agrees to pay a total of USD 8.97 billion (EUR 6.55 billion). Beyond what had already been provisioned as at 31 December 2013 (EUR 0.8 billion), this resulted in an exceptional charge of EUR 5.75 billion recorded in the second quarter of 2014. An uncertainty remains regarding the fiscal rule that will apply eventually to the different Group entities involved in the settlement. BNP Paribas has also accepted a temporary suspension of one year, starting 1 January 2015, of the USD direct clearing focused mainly on the Oil & Gas Energy & Commodity Finance business line in certain locations.

In 2014, the Group recorded a EUR 250 million provision for implementation costs related to the remediation plan agreed upon with US authorities, bringing the total costs related to the comprehensive settlement to EUR 6 billion for the year ended 31 December 2014.

In 2015, the Group reassessed the costs related to the remediation plan and recognised an additional allowance of EUR 100 million.

## 2.i CORPORATE INCOME TAX

| Reconciliation of the effective tax expense to the theoretical tax expense at standard tax rate in France | Year to 31 Dec. 2016 |              | Year to 31 Dec. 2015 |              |
|---|----------------------|--------------|----------------------|--------------|
|   | in millions of euros | tax rate     | in millions of euros | tax rate     |
| <b>Corporate income tax expense on pre-tax income at standard tax rate in France <sup>(1)</sup></b>       | <b>(3,704)</b>       | <b>34.4%</b> | <b>(4,098)</b>       | <b>38.0%</b> |
| Impact of differently taxed foreign profits   | 232                  | -2.2%        | 450                  | -4.2%        |
| Impact of dividends and securities disposals taxed at reduced rate  | 278                  | -2.5%        | 334                  | -3.1%        |
| Tax impact of the non-deductibility of bank levies <sup>(2)</sup>   | (187)                | 1.7%         | (150)                | 1.4%         |
| Tax impact of previously unrecognised deferred taxes (tax losses and temporary differences)               | 268                  | -2.4%        | 7                    | -0.1%        |
| Tax impact of using tax losses for which no deferred tax asset was previously recognised                  | 9                    | -0.1%        | 30                   | -0.3%        |
| Other items   | 9                    | -0.1%        | 92                   | -0.8%        |
| <b>Corporate income tax expense</b>   | <b>(3,095)</b>       | <b>28.8%</b> | <b>(3,335)</b>       | <b>30.9%</b> |
| <i>of which</i>   |                      |              |                      |              |
| <i>Current tax expense for the year to 31 December</i>  | <i>(2,366)</i>       |              | <i>(2,428)</i>       |              |
| <i>Deferred tax expense for the year to 31 December (note 4.k)</i>  | <i>(729)</i>         |              | <i>(907)</i>         |              |

<sup>(1)</sup> Restated for the share of profits in equity-method entities and goodwill impairment.

<sup>(2)</sup> Bank levies are related to the contribution to the Single Resolution Fund and non-deductible systemic bank levies.

### 3. SEGMENT INFORMATION

The Group is composed of two operating divisions:

- Retail Banking and Services, which covers Domestic Markets and International Financial Services. Domestic Markets include retail banking networks in France (FRB), Italy (BNL banca commerciale), Belgium (BRB), and Luxembourg (LRB), as well as certain specialised retail banking divisions (Personal Investors, Leasing Solutions and Arval). International Financial Services is composed of all BNP Paribas Group retail banking businesses out of the Eurozone, split between Europe Mediterranean and BancWest in the United States, as well as Personal Finance and the Insurance and Wealth and Asset Management activities (Wealth Management, Investment Partners and Real Estate);
- Corporate and Institutional Banking (CIB), which includes Corporate Banking (Europe, Middle East, Africa, Asia, Americas, and Corporate Finance activities), Global Markets (Fixed Income, Currency and Commodities, as well as Equity and Prime Services), and Securities Services to management companies, financial institutions and other corporations.

Other activities mainly include Principal Investments, activities related to the Group's central treasury function, some costs related to cross-business projects, the residential mortgage lending business of Personal Finance (a significant part of which is managed in run-off), and certain investments.

They also include non-recurring items resulting from applying the rules on business combinations. In order to provide consistent and relevant economic information for each core business, the impact of amortising fair value adjustments recognised in the net equity of entities acquired and restructuring costs incurred in respect to the integration of entities, have been allocated to the "Other Activities" segment. The same applies to transformation costs relating to the Group's cross-business savings programmes.

Inter-segment transactions are conducted at arm's length. The segment information presented comprises agreed inter-segment transfer prices.

The capital allocation is carried out on the basis of risk exposure, taking into account various conventions relating primarily to the capital requirement of the business as derived from the risk-weighted asset calculations required under capital adequacy rules. Normalised equity income by segment is determined by attributing to each segment the income of its allocated equity. The equity allocation to segments is based on 11% of weighted assets. The breakdown of balance sheet by core business follows the same rules as the breakdown of the profit or loss by core business.

So as to be comparable with 2016, the segment information for 2015 has been restated of the following main effects as if these had occurred from 1 January 2015:

1. The capital allocated to each business line is now based on 11% of risk-weighted assets, compared to 9% previously. Furthermore, the capital allocated to the Insurance business is henceforth based on Solvency 2 standards.
2. Subordination costs of Additional Tier 1 and Tier 2 debt issued by the Group have been charged to the divisions and business lines. The Group has also reviewed the way it charges and remunerates liquidity between the Corporate Centre and the business lines. The allocation practices for revenues and operating expenses of Treasury activities within CIB have been adapted to take into account the new regulations on liquidity.
3. The contribution to the Single Resolution Fund, the reduction of the French systemic tax and the new contributions to the deposit guarantee funds of BNL bc and Luxembourg Retail Banking had been temporarily booked in the operating expenses of the Corporate Centre. These items have been allocated to the divisions and business lines.
4. Some limited internal transfers of activities and results have been made, the main one being the transfer of Cortal Consors France from Other Domestic Markets Activities (Personal Investors) to French Retail Banking.



These changes do not affect the Group income but only its analytical breakdown.

## • Income by business segment

|  | Year to 31 Dec. 2016 |                    |                |                  |                     |                | Year to 31 Dec. 2015 |                    |                |                                  |                  |                     |                |
|--|----------------------|--------------------|----------------|------------------|---------------------|----------------|----------------------|--------------------|----------------|----------------------------------|------------------|---------------------|----------------|
|  | Revenues             | Operating expenses | Cost of risk   | Operating income | Non-operating items | Pre-tax income | Revenues             | Operating expenses | Cost of risk   | Exceptional costs <sup>(2)</sup> | Operating income | Non-operating items | Pre-tax income |
| In millions of euros                             |                      |                    |                |                  |                     |                |                      |                    |                |                                  |                  |                     |                |
| <b>Retail Banking &amp; Services</b>             |                      |                    |                |                  |                     |                |                      |                    |                |                                  |                  |                     |                |
| <b>Domestic Markets</b>                          |                      |                    |                |                  |                     |                |                      |                    |                |                                  |                  |                     |                |
| French Retail Banking <sup>(1)</sup>             | 6,113                | (4,525)            | (341)          | 1,247            | 2                   | 1,249          | 6,274                | (4,508)            | (341)          |                                  | 1,425            | 3                   | 1,428          |
| BNL banca commerciale <sup>(1)</sup>             | 2,895                | (1,846)            | (959)          | 90               |                     | 90             | 3,073                | (1,868)            | (1,248)        |                                  | (42)             | (1)                 | (44)           |
| Belgian Retail Banking <sup>(1)</sup>            | 3,490                | (2,484)            | (95)           | 912              | 6                   | 918            | 3,392                | (2,370)            | (86)           |                                  | 936              | (9)                 | 928            |
| Other Domestic Markets activities <sup>(1)</sup> | 2,671                | (1,481)            | (115)          | 1,076            | 47                  | 1,123          | 2,487                | (1,380)            | (136)          |                                  | 970              | 22                  | 993            |
| <b>International Financial Services</b>          |                      |                    |                |                  |                     |                |                      |                    |                |                                  |                  |                     |                |
| Personal Finance                                 | 4,679                | (2,298)            | (979)          | 1,401            | 40                  | 1,442          | 4,661                | (2,315)            | (1,176)        |                                  | 1,170            | 74                  | 1,244          |
| <b>International Retail Banking</b>              |                      |                    |                |                  |                     |                |                      |                    |                |                                  |                  |                     |                |
| Europe-Mediterranean <sup>(1)</sup>              | 2,505                | (1,699)            | (437)          | 369              | 197                 | 566            | 2,507                | (1,701)            | (466)          |                                  | 339              | 174                 | 513            |
| BancWest <sup>(1)</sup>                          | 2,937                | (2,006)            | (85)           | 846              | 16                  | 862            | 2,795                | (1,853)            | (50)           |                                  | 892              | 31                  | 923            |
| Insurance  | 2,382                | (1,201)            | 2              | 1,183            | 186                 | 1,369          | 2,320                | (1,156)            | (5)            |                                  | 1,158            | 171                 | 1,329          |
| Wealth and Asset Management                      | 2,977                | (2,341)            | 3              | 639              | 46                  | 685            | 3,012                | (2,308)            | (25)           |                                  | 679              | 46                  | 725            |
| <b>Corporate &amp; Institutional Banking</b>     |                      |                    |                |                  |                     |                |                      |                    |                |                                  |                  |                     |                |
| Corporate Banking                                | 3,994                | (2,451)            | (292)          | 1,251            | 13                  | 1,265          | 4,007                | (2,470)            | (138)          |                                  | 1,398            | 159                 | 1,558          |
| Global Markets                                   | 5,650                | (4,355)            | 72             | 1,367            | 5                   | 1,372          | 5,710                | (4,504)            | (80)           |                                  | 1,125            | 2                   | 1,127          |
| Securities Services                              | 1,824                | (1,503)            | 3              | 324              | 1                   | 325            | 1,790                | (1,483)            | 6              |                                  | 312              | (1)                 | 312            |
| <b>Other Activities</b>                          | <b>1,294</b>         | <b>(1,189)</b>     | <b>(39)</b>    | <b>66</b>        | <b>(121)</b>        | <b>(55)</b>    | <b>910</b>           | <b>(1,336)</b>     | <b>(51)</b>    | <b>(100)</b>                     | <b>(577)</b>     | <b>(79)</b>         | <b>(656)</b>   |
| <b>Total Group</b>                               | <b>43,411</b>        | <b>(29,378)</b>    | <b>(3,262)</b> | <b>10,771</b>    | <b>439</b>          | <b>11,210</b>  | <b>42,938</b>        | <b>(29,254)</b>    | <b>(3,797)</b> | <b>(100)</b>                     | <b>9,787</b>     | <b>592</b>          | <b>10,379</b>  |

(1) French Retail Banking, BNL banca commerciale, Belgian Retail Banking, Luxembourg Retail Banking, Europe-Mediterranean and BancWest after the reallocation within Wealth and Asset Management of one-third of the Wealth Management activities in France, Italy, Belgium, Luxembourg, Turkey and the United States.

(2) Costs related to the comprehensive settlement with US authorities.

- Assets and liabilities by business segment**

| In millions of euros                       | 31 December 2016 |                  | 31 December 2015 |                  |
|--|------------------|------------------|------------------|------------------|
|  | Asset            | Liability        | Asset            | Liability        |
| <b>Retail Banking &amp; Services</b>       |                  |                  |                  |                  |
| <b>Domestic Markets</b>                    | <b>428,209</b>   | <b>450,921</b>   | <b>409,243</b>   | <b>409,515</b>   |
| French Retail Banking                      | 174,374          | 183,049          | 158,579          | 165,318          |
| BNL banca commerciale                      | 75,694           | 67,122           | 73,850           | 55,169           |
| Belgian Retail Banking                     | 129,417          | 152,880          | 126,383          | 144,818          |
| Other Domestic Markets activities          | 48,724           | 47,870           | 50,431           | 44,210           |
| <b>International Financial Services</b>    | <b>449,480</b>   | <b>413,948</b>   | <b>420,915</b>   | <b>390,116</b>   |
| Personal Finance                           | 65,128           | 14,542           | 57,784           | 14,090           |
| International Retail Banking               | 145,026          | 133,420          | 133,956          | 122,659          |
| Europe-Mediterranean                       | 52,166           | 47,172           | 51,674           | 45,735           |
| BancWest                                   | 92,860           | 86,248           | 82,282           | 76,924           |
| Insurance                                  | 222,742          | 216,029          | 211,172          | 205,092          |
| Wealth and Asset Management                | 16,584           | 49,957           | 18,003           | 48,275           |
| <b>Corporate and Institutional Banking</b> | <b>1,121,096</b> | <b>1,068,811</b> | <b>1,084,212</b> | <b>1,027,433</b> |
| <b>Other Activities</b>                    | <b>78,174</b>    | <b>143,279</b>   | <b>79,823</b>    | <b>167,129</b>   |
| <b>Total Group</b>                         | <b>2,076,959</b> | <b>2,076,959</b> | <b>1,994,193</b> | <b>1,994,193</b> |

Information by business segment relating to goodwill is presented in note 4.o Goodwill.

- Information by geographic area**

The geographic split of segment results, assets and liabilities is based on the region in which they are recognised for accounting purposes, adjusted as per the managerial origin of the business activity. It does not necessarily reflect the counterparty's nationality or the location of operational businesses.

- Revenues by geographic area

| In millions of euros | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|----------------------|----------------------|----------------------|
| Europe               | 31,712               | 31,484               |
| North America        | 5,167                | 5,067                |
| Asia & Pacific       | 3,075                | 3,223                |
| Others               | 3,457                | 3,164                |
| <b>Total Group</b>   | <b>43,411</b>        | <b>42,938</b>        |

- Assets and liabilities, in contribution to the consolidated accounts, by geographic area

| In millions of euros | 31 December 2016 | 31 December 2015 |
|----------------------|------------------|------------------|
| Europe               | 1,676,686        | 1,565,574        |
| North America        | 189,186          | 231,988          |
| Asia & Pacific       | 155,342          | 143,390          |
| Others               | 55,745           | 53,241           |
| <b>Total Group</b>   | <b>2,076,959</b> | <b>1,994,193</b> |

## 4. NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2016

### 4.a FINANCIAL ASSETS, FINANCIAL LIABILITIES AND DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS

#### FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and financial liabilities at fair value through profit or loss consist of held-for-trading transactions - including derivatives - and certain assets and liabilities designated by the Group as at fair value through profit or loss at the time of acquisition or issuance.

| In millions of euros  | 31 December 2016 |  | 31 December 2015 |  |
|---|------------------|--|------------------|--|
|   | Trading book     | Instruments designated as at fair value through profit or loss | Trading book     | Instruments designated as at fair value through profit or loss |
| Securities portfolio  | 123,679          | 87,583   | 133,500          | 83,043   |
| Loans and repurchase agreements   | 152,242          | 61   | 131,783          | 33   |
| <b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>              | <b>275,921</b>   | <b>87,644</b>  | <b>265,283</b>   | <b>83,076</b>  |
| Securities portfolio  | 70,326           |  | 82,544           |  |
| Borrowings and repurchase agreements                                      | 183,206          | 3,017  | 156,771          | 2,384  |
| Debt securities (note 4.i)  |                  | 47,710   |                  | 46,330   |
| Subordinated debt (note 4.i)  |                  | 1,012  |                  | 1,382  |
| Debt representative of shares of consolidated funds held by third parties |                  | 2,337  |                  | 3,022  |
| <b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>         | <b>253,532</b>   | <b>54,076</b>  | <b>239,315</b>   | <b>53,118</b>  |

Detail of these assets and liabilities is provided in note 4.d.

#### FINANCIAL INSTRUMENTS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

- Financial assets designated as at fair value through profit or loss**

Assets designated by the Group as at fair value through profit or loss mainly include admissible investments related to unit-linked insurance policies and the insurance general fund, and to a lesser extent, assets with embedded derivatives that have not been separated from the host contract.

Admissible investments related to unit-linked insurance policies include securities issued by the Group's consolidated entities, which are not eliminated upon consolidation in order to keep the figures shown in respect of the assets invested under these contracts at the same level as the technical reserves set aside in respect of the corresponding policyholder liabilities. The fixed-income securities (certificates and Euro Medium Term Notes) not eliminated upon consolidation amounted to EUR 785 million at 31 December 2016 compared with EUR 588 million at 31 December 2015, and variable-income securities (shares mainly issued by BNP Paribas SA) amounted to EUR 62 million at 31 December 2016 compared with EUR 89 million at 31 December 2015. Eliminating these securities would not have a material impact on the financial statements for the period.

- **Financial liabilities designated as at fair value through profit or loss**

Financial liabilities at fair value through profit or loss mainly consist of debt securities in issue, originated and structured on behalf of customers, where the risk exposure is managed in combination with the hedging strategy. These types of debt securities in issue contain significant embedded derivatives, whose changes in value may be compensated by changes in the value of economic hedging derivatives.

The redemption value of debt issued and designated as at fair value through profit or loss at 31 December 2016 was EUR 52,358 million (EUR 51,325 million at 31 December 2015).

## DERIVATIVE FINANCIAL INSTRUMENTS

The majority of derivative financial instruments held for trading are related to transactions initiated for trading purposes. They may result from market-making or arbitrage activities. BNP Paribas actively trades in derivatives. Transactions include trades in “ordinary” instruments such as credit default swaps, and structured transactions with complex risk profiles tailored to meet the needs of its customers. The net position is in all cases subject to limits.

Some derivative instruments are also contracted to hedge financial assets or financial liabilities for which the Group has not documented a hedging relationship, or which do not qualify for hedge accounting under IFRS. This applies in particular to credit derivative transactions which are primarily contracted to protect the Group’s loan book.

| In millions of euros                    | 31 December 2016      |                       | 31 December 2015      |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   | Positive market value | Negative market value | Positive market value | Negative market value |
| Interest rate derivatives               | 165,979               | 153,811               | 203,605               | 187,177               |
| Foreign exchange derivatives            | 112,761               | 109,490               | 79,844                | 78,135                |
| Credit derivatives                      | 10,754                | 9,886                 | 14,738                | 14,213                |
| Equity derivatives                      | 33,146                | 40,702                | 31,077                | 40,242                |
| Other derivatives                       | 5,522                 | 4,851                 | 7,360                 | 6,061                 |
| <b>Derivative financial instruments</b> | <b>328,162</b>        | <b>318,740</b>        | <b>336,624</b>        | <b>325,828</b>        |

The table below shows the total notional amount of trading derivatives. The notional amounts of derivative instruments are merely an indication of the volume of the Group’s activities in financial instruments markets, and do not reflect the market risks associated with such instruments.

| In millions of euros                    | 31 December 2016 |   |                   |                   | 31 December 2015 |   |                   |                   |
|---|------------------|---|-------------------|-------------------|------------------|---|-------------------|-------------------|
|   | Exchange-traded  | Over-the-counter, cleared through central clearing houses | Over-the-counter  | Total             | Exchange-traded  | Over-the-counter, cleared through central clearing houses | Over-the-counter  | Total             |
| Interest rate derivatives               | 891,549          | 10,106,567  | 5,565,534         | 16,563,650        | 1,129,822        | 12,127,765  | 7,120,229         | 20,377,816        |
| Foreign exchange derivatives            | 1,024            | 43,241  | 4,995,579         | 5,039,844         | 1,647            | 57,466  | 4,498,135         | 4,557,248         |
| Credit derivatives                      |                  | 249,262   | 727,007           | 976,269           |                  | 155,129   | 968,859           | 1,123,988         |
| Equity derivatives                      | 955,415          | 5,707   | 664,689           | 1,625,811         | 799,075          | 9,250   | 651,221           | 1,459,546         |
| Other derivatives                       | 95,365           | 33,769  | 57,128            | 186,262           | 100,915          | 12,336  | 30,268            | 143,519           |
| <b>Derivative financial instruments</b> | <b>1,943,353</b> | <b>10,438,546</b>   | <b>12,009,937</b> | <b>24,391,836</b> | <b>2,031,459</b> | <b>12,361,946</b>   | <b>13,268,712</b> | <b>27,662,117</b> |

Cross currency swaps, previously included in interest rate derivatives, are now included in foreign exchange derivatives.

## 4.b DERIVATIVES USED FOR HEDGING PURPOSES

The table below shows the fair value of derivatives used for hedging purposes.

| In millions of euros                         | 31 December 2016    |                     | 31 December 2015    |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | Positive fair value | Negative fair value | Positive fair value | Negative fair value |
| <b>Fair value hedges</b>                     | <b>15,301</b>       | <b>18,405</b>       | <b>15,071</b>       | <b>17,905</b>       |
| Interest rate derivatives                    | 14,819              | 18,192              | 14,949              | 17,874              |
| Foreign exchange derivatives                 | 482                 | 213                 | 122                 | 31                  |
| <b>Cash flow hedges</b>                      | <b>2,789</b>        | <b>1,220</b>        | <b>2,888</b>        | <b>3,162</b>        |
| Interest rate derivatives                    | 2,402               | 729                 | 2,756               | 1,229               |
| Foreign exchange derivatives                 | 313                 | 491                 | 119                 | 1,929               |
| Other derivatives                            | 74                  |                     | 13                  | 4                   |
| <b>Net foreign investment hedges</b>         | <b>43</b>           | <b>1</b>            | <b>104</b>          | <b>1</b>            |
| Foreign exchange derivatives                 | 43                  | 1                   | 104                 | 1                   |
| <b>Derivatives used for hedging purposes</b> | <b>18,133</b>       | <b>19,626</b>       | <b>18,063</b>       | <b>21,068</b>       |

The total notional amount of derivatives used for hedging purposes stood at EUR 949,767 million at 31 December 2016, compared with EUR 993,828 million at 31 December 2015.

## 4.c AVAILABLE-FOR-SALE FINANCIAL ASSETS

| In millions of euros                                 | 31 December 2016 |                     |  | 31 December 2015 |                     |  |
|--|------------------|---------------------|--|------------------|---------------------|--|
|  | Net              | of which impairment | of which changes in value taken directly to equity | Net              | of which impairment | of which changes in value taken directly to equity |
| <b>Fixed-income securities</b>                       | <b>248,072</b>   | <b>(78)</b>         | <b>13,784</b>                                      | <b>239,899</b>   | <b>(75)</b>         | <b>13,554</b>                                      |
| Treasury bills and government bonds                  | 138,298          | (1)                 | 8,561  | 131,269          | (4)                 | 8,559  |
| Other fixed-income securities                        | 109,774          | (77)                | 5,223  | 108,630          | (71)                | 4,995  |
| <b>Equities and other variable-income securities</b> | <b>19,487</b>    | <b>(3,192)</b>      | <b>4,216</b>                                       | <b>19,034</b>    | <b>(3,090)</b>      | <b>4,238</b>                                       |
| Listed securities                                    | 5,950            | (823)               | 1,591  | 5,595            | (836)               | 1,583  |
| Unlisted securities                                  | 13,537           | (2,369)             | 2,625  | 13,439           | (2,254)             | 2,655  |
| <b>Total available-for-sale financial assets</b>     | <b>267,559</b>   | <b>(3,270)</b>      | <b>18,000</b>                                      | <b>258,933</b>   | <b>(3,165)</b>      | <b>17,792</b>                                      |

The gross amount of impaired fixed-income securities is EUR 99 million at 31 December 2016 (EUR 131 million at 31 December 2015).

The Visa Europe shares, included in the unlisted variable-income securities as at 31 December 2015 for EUR 430 million, were sold in accordance with the terms of the agreement with Visa Inc.

A net disposal gain of EUR 597 million before tax was recognised in the profit and loss account in 2016.

Changes in value taken directly to equity are detailed as follows:

|   | 31 December 2016        |   |               | 31 December 2015        |   |               |
|---|-------------------------|---|---------------|-------------------------|---|---------------|
|   | Fixed-income securities | Equities and other variable-income securities | Total         | Fixed-income securities | Equities and other variable-income securities | Total         |
| In millions of euros  |                         |   |               |                         |   |               |
| <b>Non-hedged changes in value of securities, recognised in "Available-for-sale financial assets"</b>   | <b>13,784</b>           | <b>4,216</b>                                  | <b>18,000</b> | <b>13,554</b>           | <b>4,238</b>                                  | <b>17,792</b> |
| Deferred tax linked to these changes in value   | (4,504)                 | (948)   | (5,452)       | (4,548)                 | (856)   | (5,404)       |
| Insurance policyholders' surplus reserve from insurance entities, after deferred tax  | (7,587)                 | (1,315)                                       | (8,902)       | (6,960)                 | (1,119)                                       | (8,079)       |
| Group share of changes in value of available-for-sale securities owned by equity-method entities, after deferred tax and insurance policyholders' surplus reserve | 807                     | 99  | 906           | 889                     | 92  | 981           |
| Unamortised changes in value of available-for-sale securities reclassified as loans and receivables   | (16)                    |   | (16)          | (39)                    |   | (39)          |
| Other variations  | (53)                    | (2)   | (55)          | (55)                    | (7)   | (62)          |
| <b>Changes in value of assets taken directly to equity under the heading "Financial assets available for sale and reclassified as loans and receivables"</b>      | <b>2,431</b>            | <b>2,050</b>                                  | <b>4,481</b>  | <b>2,841</b>            | <b>2,348</b>                                  | <b>5,189</b>  |
| Attributable to equity shareholders   | 2,339                   | 2,033   | 4,372         | 2,735                   | 2,331   | 5,066         |
| Attributable to minority interests  | 92                      | 17  | 109           | 106                     | 17  | 123           |

Maturity schedule of available-for-sale fixed-income securities by contractual maturity:

| In millions of euros, at 31 December 2016 | < 1 month | 1 to 3 months | 3 months to 1 year | 1 to 5 years | More than 5 years | TOTAL          |
|---|-----------|---------------|--------------------|--------------|-------------------|----------------|
| Fixed-income securities                   | 6,936     | 8,020         | 19,056             | 77,884       | 136,176           | <b>248,072</b> |

| In millions of euros, at 31 December 2015 | < 1 month | 1 to 3 months | 3 months to 1 year | 1 to 5 years | More than 5 years | TOTAL          |
|---|-----------|---------------|--------------------|--------------|-------------------|----------------|
| Fixed-income securities                   | 11,348    | 9,924         | 17,900             | 85,614       | 115,113           | <b>239,899</b> |

## 4.d MEASUREMENT OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

### VALUATION PROCESS

BNP Paribas has retained the fundamental principle that it should have a unique and integrated processing chain for producing and controlling the valuations of financial instruments that are used for the purpose of daily risk management and financial reporting. All these processes are based on a common economic valuation which is a core component of business decisions and risk management strategies.

Economic value is composed of mid-market value, to which add valuation adjustments.

Mid-market value is derived from external data or valuation techniques that maximise the use of observable and market-based data. Mid-market value is a theoretical additive value which does not take account of i) the direction of the transaction or its impact on the existing risks in the portfolio, ii) the nature of the counterparties, and iii) the aversion of a market participant to particular risks inherent in the instrument, the market in which it is traded, or the risk management strategy.

Valuation adjustments take into account valuation uncertainty and include market and credit risk premiums to reflect costs that could be incurred in case of an exit transaction in the principal market. When valuation techniques are used for the purpose of deriving fair value, funding assumptions related to the future expected cash flows are an integral part of the mid-market valuation, notably through the use of appropriate discount rates. These assumptions reflect what the Bank anticipates as being the effective funding conditions of the instrument that a market participant would consider. This notably takes into account the existence and terms of any collateral agreement. In particular, for non- or imperfectly collateralized derivative instruments, they include an explicit adjustment to the interbank interest rate (Funding Valuation Adjustment – FVA).

Fair value generally equals the economic value, subject to limited adjustments, such as own credit adjustments, which are specifically required by IFRS standards.

The main valuation adjustments are presented in the section below.

### VALUATION ADJUSTMENTS

Valuation adjustments retained by BNP Paribas for determining fair values are as follows:

**Bid/offer adjustments:** the bid/offer range reflects the additional exit cost for a price taker and symmetrically the compensation sought by dealers to bear the risk of holding the position or closing it out by accepting another dealer's price.

BNP Paribas assumes that the best estimate of an exit price is the bid or offer price, unless there is evidence that another point in the bid/offer range would provide a more representative exit price.

**Input uncertainty adjustments:** when the observation of prices or data inputs required by valuation techniques is difficult or irregular, an uncertainty exists on the exit price. There are several ways to gauge the degree of uncertainty on the exit price such as measuring the dispersion of the available price indications or estimating the possible ranges of the inputs to a valuation technique.

**Model uncertainty adjustments:** these relate to situations where valuation uncertainty is due to the valuation technique used, even though observable inputs might be available. This situation arises when the risks inherent in the instruments are different from those available in the observable data, and therefore the valuation technique involves assumptions that cannot be easily corroborated.



**Credit valuation adjustment (CVA):** the CVA adjustment applies to valuations and market quotations whereby the credit worthiness of the counterparty is not reflected. It aims to account for the possibility that the counterparty may default and that BNP Paribas may not receive the full fair value of the transactions.

In determining the cost of exiting or transferring counterparty risk exposures, the relevant market is deemed to be an inter-dealer market. However, the determination of CVA remains judgemental due to i) the possible absence or lack of price discovery in the inter-dealer market, ii) the influence of the regulatory landscape relating to counterparty risk on the market participants' pricing behaviour and iii) the absence of a dominant business model for managing counterparty risk.

The CVA model is grounded on the same exposures as those used for regulatory purposes. The model attempts to estimate the cost of an optimal risk management strategy based on i) implicit incentives and constraints inherent in the regulations in force and their evolutions, ii) market perception of the probability of default and iii) default parameters used for regulatory purposes.

**Own-credit valuation adjustment for debts (OCA) and for derivatives (debit valuation adjustment - DVA):** OCA and DVA are adjustments reflecting the effect of credit worthiness of BNP Paribas, on respectively the value of debt securities designated as at fair value through profit or loss and derivatives. Both adjustments are based on the expected future liability profiles of such instruments. The own credit worthiness is inferred from the market-based observation of the relevant bond issuance levels. The DVA adjustment is determined after taking into account the Funding Valuation Adjustment (FVA).

Thus, the carrying value of debt securities designated as at fair value through profit or loss is increased by EUR 391 million as at 31 December 2016, compared with an increase in value of EUR 416 million as at 31 December 2015, i.e. a EUR 25 million variation recognised in net gain on financial instruments at fair value through profit or loss (note 2.c).

## **INSTRUMENT CLASSES AND CLASSIFICATION WITHIN THE FAIR VALUE HIERARCHY FOR ASSETS AND LIABILITIES MEASURED AT FAIR VALUE**

As explained in the summary of significant accounting policies (note 1.c.10), financial instruments measured at fair value are categorised into a fair value hierarchy consisting of three levels.

The disaggregation of assets and liabilities into risk classes is meant to provide further insight into the nature of the instruments:

- Securitised exposures are further broken down by collateral type.
- For derivatives, fair values are broken down by dominant risk factor, namely interest rate, foreign exchange, credit and equity. Derivatives used for hedging purposes are mainly interest rate derivatives.



| In millions of euros   | 31 December 2016 |                |              |                |  |               |               |               |                                     |               |              |                |
|--|------------------|----------------|--------------|----------------|--|---------------|---------------|---------------|-------------------------------------|---------------|--------------|----------------|
|  | Trading book     |                |              |                | Instruments designated as at fair value through profit or loss |               |               |               | Available-for-sale financial assets |               |              |                |
|  | Level 1          | Level 2        | Level 3      | Total          | Level 1  | Level 2       | Level 3       | Total         | Level 1                             | Level 2       | Level 3      | Total          |
| <b>Securities portfolio</b>  | <b>101,261</b>   | <b>21,251</b>  | <b>1,167</b> | <b>123,679</b> | <b>69,800</b>  | <b>13,849</b> | <b>3,934</b>  | <b>87,583</b> | <b>214,489</b>                      | <b>44,790</b> | <b>8,280</b> | <b>267,559</b> |
| Treasury bills and government bonds  | 45,488           | 4,283          |              | 49,771         | 867  |               |               | 867           | 130,806                             | 7,492         |              | 138,298        |
| Asset Backed Securities <sup>(1)</sup>   | -                | 8,748          | 618          | 9,366          | -  | 7             | -             | 7             | -                                   | 4,588         | 72           | 4,660          |
| CDOs / CLOs <sup>(2)</sup>   |                  | 1,391          | 613          | 2,004          |  | 7             |               | 7             |                                     | 56            |              | 56             |
| Other Asset Backed Securities  |                  | 7,357          | 5            | 7,362          |  |               |               | -             |                                     | 4,532         | 72           | 4,604          |
| Other fixed-income securities  | 9,695            | 7,702          | 169          | 17,566         | 1,392  | 5,809         | 110           | 7,311         | 75,420                              | 28,783        | 911          | 105,114        |
| Equities and other variable-income securities  | 46,078           | 518            | 380          | 46,976         | 67,541   | 8,033         | 3,824         | 79,398        | 8,263                               | 3,927         | 7,297        | 19,487         |
| <b>Loans and repurchase agreements</b>   | <b>-</b>         | <b>151,511</b> | <b>731</b>   | <b>152,242</b> | <b>-</b>   | <b>61</b>     | <b>-</b>      | <b>61</b>     |                                     |               |              |                |
| Loans  |                  | 525            |              | 525            |  | 61            |               | 61            |                                     |               |              |                |
| Repurchase agreements  |                  | 150,986        | 731          | 151,717        |  |               |               | -             |                                     |               |              |                |
| <b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND AVAILABLE-FOR-SALE FINANCIAL ASSETS</b> | <b>101,261</b>   | <b>172,762</b> | <b>1,898</b> | <b>275,921</b> | <b>69,800</b>  | <b>13,910</b> | <b>3,934</b>  | <b>87,644</b> | <b>214,489</b>                      | <b>44,790</b> | <b>8,280</b> | <b>267,559</b> |
| <b>Securities portfolio</b>  | <b>67,167</b>    | <b>2,862</b>   | <b>297</b>   | <b>70,326</b>  | <b>-</b>   | <b>-</b>      | <b>-</b>      | <b>-</b>      |                                     |               |              |                |
| Treasury bills and government bonds  | 50,320           | 383            |              | 50,703         |  |               |               | -             |                                     |               |              |                |
| Other fixed-income securities  | 6,752            | 2,457          | 297          | 9,506          |  |               |               | -             |                                     |               |              |                |
| Equities and other variable-income securities  | 10,095           | 22             |              | 10,117         |  |               |               | -             |                                     |               |              |                |
| <b>Borrowings and repurchase agreements</b>  | <b>-</b>         | <b>181,808</b> | <b>1,398</b> | <b>183,206</b> | <b>-</b>   | <b>2,557</b>  | <b>460</b>    | <b>3,017</b>  |                                     |               |              |                |
| Borrowings   |                  | 4,190          |              | 4,190          |  | 2,557         | 460           | 3,017         |                                     |               |              |                |
| Repurchase agreements  |                  | 177,618        | 1,398        | 179,016        |  |               |               | -             |                                     |               |              |                |
| Debt securities (note 4.i)   | -                | -              | -            | -              | -  | 34,964        | 12,746        | 47,710        |                                     |               |              |                |
| Subordinated debt (note 4.i)   | -                | -              | -            | -              | -  | 1,012         | -             | 1,012         |                                     |               |              |                |
| Debt representative of shares of consolidated funds held by third parties                            | -                | -              | -            | -              | 1,719  | 618           | -             | 2,337         |                                     |               |              |                |
| <b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>                                    | <b>67,167</b>    | <b>184,670</b> | <b>1,695</b> | <b>253,532</b> | <b>1,719</b>   | <b>39,151</b> | <b>13,206</b> | <b>54,076</b> |                                     |               |              |                |

| In millions of euros   | 31 December 2015 |                |              |                |  |               |               |               |                                     |               |              |                |
|--|------------------|----------------|--------------|----------------|--|---------------|---------------|---------------|-------------------------------------|---------------|--------------|----------------|
|  | Trading book     |                |              |                | Instruments designated as at fair value through profit or loss |               |               |               | Available-for-sale financial assets |               |              |                |
|  | Level 1          | Level 2        | Level 3      | Total          | Level 1  | Level 2       | Level 3       | Total         | Level 1                             | Level 2       | Level 3      | Total          |
| <b>Securities portfolio</b>  | <b>102,232</b>   | <b>29,517</b>  | <b>1,751</b> | <b>133,500</b> | <b>67,177</b>  | <b>12,123</b> | <b>3,743</b>  | <b>83,043</b> | <b>204,988</b>                      | <b>44,625</b> | <b>9,320</b> | <b>258,933</b> |
| Treasury bills and government bonds  | 48,509           | 4,632          |              | 53,141         | 1,849  |               |               | 1,849         | 125,702                             | 5,567         |              | 131,269        |
| Asset Backed Securities <sup>(1)</sup>   | -                | 12,059         | 1,329        | 13,388         | -  | -             | -             | -             | -                                   | 3,312         | 7            | 3,319          |
| CDOs / CLOs <sup>(2)</sup>   |                  | 832            | 1,305        | 2,137          |  |               |               | -             |                                     | 16            |              | 16             |
| Other Asset Backed Securities  |                  | 11,227         | 24           | 11,251         |  |               |               | -             |                                     | 3,296         | 7            | 3,303          |
| Other fixed-income securities  | 12,531           | 10,889         | 238          | 23,658         | 1,405  | 4,949         | 77            | 6,431         | 71,220                              | 32,400        | 1,691        | 105,311        |
| Equities and other variable-income securities  | 41,192           | 1,937          | 184          | 43,313         | 63,923   | 7,174         | 3,666         | 74,763        | 8,066                               | 3,346         | 7,622        | 19,034         |
| <b>Loans and repurchase agreements</b>   | <b>-</b>         | <b>130,928</b> | <b>855</b>   | <b>131,783</b> | <b>-</b>   | <b>33</b>     | <b>-</b>      | <b>33</b>     |                                     |               |              |                |
| Loans  |                  | 433            |              | 433            |  | 33            |               | 33            |                                     |               |              |                |
| Repurchase agreements  |                  | 130,495        | 855          | 131,350        |  |               |               | -             |                                     |               |              |                |
| <b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND AVAILABLE-FOR-SALE FINANCIAL ASSETS</b> | <b>102,232</b>   | <b>160,445</b> | <b>2,606</b> | <b>265,283</b> | <b>67,177</b>  | <b>12,156</b> | <b>3,743</b>  | <b>83,076</b> | <b>204,988</b>                      | <b>44,625</b> | <b>9,320</b> | <b>258,933</b> |
| <b>Securities portfolio</b>  | <b>75,894</b>    | <b>6,231</b>   | <b>419</b>   | <b>82,544</b>  | <b>-</b>   | <b>-</b>      | <b>-</b>      | <b>-</b>      |                                     |               |              |                |
| Treasury bills and government bonds  | 55,724           | 1,383          |              | 57,107         |  |               |               | -             |                                     |               |              |                |
| Other fixed-income securities  | 5,387            | 4,797          | 417          | 10,601         |  |               |               | -             |                                     |               |              |                |
| Equities and other variable-income securities  | 14,783           | 51             | 2            | 14,836         |  |               |               | -             |                                     |               |              |                |
| <b>Borrowings and repurchase agreements</b>  | <b>-</b>         | <b>154,499</b> | <b>2,272</b> | <b>156,771</b> | <b>-</b>   | <b>2,296</b>  | <b>88</b>     | <b>2,384</b>  |                                     |               |              |                |
| Borrowings   |                  | 3,893          |              | 3,893          |  | 2,296         | 88            | 2,384         |                                     |               |              |                |
| Repurchase agreements  |                  | 150,606        | 2,272        | 152,878        |  |               |               | -             |                                     |               |              |                |
| Debt securities (note 4.i)   | -                | -              | -            | -              | -  | 35,137        | 11,193        | 46,330        |                                     |               |              |                |
| Subordinated debt (note 4.i)   | -                | -              | -            | -              | -  | 1,382         | -             | 1,382         |                                     |               |              |                |
| Debt representative of shares of consolidated funds held by third parties                            | -                | -              | -            | -              | 2,415  | 607           | -             | 3,022         |                                     |               |              |                |
| <b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>                                    | <b>75,894</b>    | <b>160,730</b> | <b>2,691</b> | <b>239,315</b> | <b>2,415</b>   | <b>39,422</b> | <b>11,281</b> | <b>53,118</b> |                                     |               |              |                |

(1) These amounts do not represent the total amount of securitisation assets held by BNP Paribas, particularly those classified at inception as "Loans and Receivables", and those reclassified as presented in note 4.e.

(2) Collateralised Debt Obligations / Collateralised Loan Obligations

| In millions of euros  | 31 December 2016      |                |              |                |                       |                |               |                |
|---|-----------------------|----------------|--------------|----------------|-----------------------|----------------|---------------|----------------|
|   | Positive market value |                |              |                | Negative market value |                |               |                |
|   | Level 1               | Level 2        | Level 3      | Total          | Level 1               | Level 2        | Level 3       | Total          |
| Interest rate derivatives   | 482                   | 162,034        | 3,463        | 165,979        | 613                   | 150,733        | 2,465         | 153,811        |
| Foreign exchange derivatives  | 13                    | 112,129        | 619          | 112,761        | 12                    | 108,957        | 521           | 109,490        |
| Credit derivatives  |                       | 10,079         | 675          | 10,754         |                       | 8,693          | 1,193         | 9,886          |
| Equity derivatives  | 8,597                 | 22,811         | 1,738        | 33,146         | 6,584                 | 28,193         | 5,925         | 40,702         |
| Other derivatives   | 749                   | 4,724          | 49           | 5,522          | 889                   | 3,856          | 106           | 4,851          |
| <b>Derivative financial instruments not used for hedging purposes</b> | <b>9,841</b>          | <b>311,777</b> | <b>6,544</b> | <b>328,162</b> | <b>8,098</b>          | <b>300,432</b> | <b>10,210</b> | <b>318,740</b> |
| <b>Derivative financial instruments used for hedging purposes</b>     | <b>-</b>              | <b>18,133</b>  | <b>-</b>     | <b>18,133</b>  | <b>-</b>              | <b>19,626</b>  | <b>-</b>      | <b>19,626</b>  |

| In millions of euros  | 31 December 2015      |                |              |                |                       |                |              |                |
|---|-----------------------|----------------|--------------|----------------|-----------------------|----------------|--------------|----------------|
|   | Positive market value |                |              |                | Negative market value |                |              |                |
|   | Level 1               | Level 2        | Level 3      | Total          | Level 1               | Level 2        | Level 3      | Total          |
| Interest rate derivatives   | 626                   | 197,263        | 5,716        | 203,605        | 704                   | 184,008        | 2,465        | 187,177        |
| Foreign exchange derivatives  |                       | 79,822         | 22           | 79,844         | 1                     | 78,059         | 75           | 78,135         |
| Credit derivatives  |                       | 13,677         | 1,061        | 14,738         |                       | 13,022         | 1,191        | 14,213         |
| Equity derivatives  | 5,646                 | 23,845         | 1,586        | 31,077         | 5,824                 | 29,547         | 4,871        | 40,242         |
| Other derivatives   | 913                   | 6,367          | 80           | 7,360          | 853                   | 4,894          | 314          | 6,061          |
| <b>Derivative financial instruments not used for hedging purposes</b> | <b>7,185</b>          | <b>320,974</b> | <b>8,465</b> | <b>336,624</b> | <b>7,382</b>          | <b>309,530</b> | <b>8,916</b> | <b>325,828</b> |
| <b>Derivative financial instruments used for hedging purposes</b>     | <b>-</b>              | <b>18,063</b>  | <b>-</b>     | <b>18,063</b>  | <b>-</b>              | <b>21,068</b>  | <b>-</b>     | <b>21,068</b>  |

Transfers between levels may occur when an instrument fulfils the criteria defined, which are generally market and product dependent. The main factors influencing transfers are changes in the observation capabilities, passage of time, and events during the transaction lifetime. The timing of recognising transfers is determined at the beginning of the reporting period.

During 2016, transfers between Level 1 and Level 2 were not significant.

## DESCRIPTION OF MAIN INSTRUMENTS IN EACH LEVEL

The following section provides a description of the instruments in each level in the hierarchy. It describes notably instruments classified in Level 3 and the associated valuation methodologies. For main trading book instruments and derivatives classified in Level 3, further quantitative information is provided about the inputs used to derive fair value.

### Level 1

This level encompasses all derivatives and securities that are listed on exchanges or quoted continuously in other active markets.

Level 1 includes notably equity securities and liquid bonds, shortselling of these instruments, derivative instruments traded on organised markets (futures, options, ...). It includes shares of funds and UCITS, for which the net asset value is calculated on a daily basis, as well as debt representative of shares of consolidated funds held by third parties.

## **Level 2**

**The Level 2 stock of securities** is composed of securities which are less liquid than the Level 1 bonds. They are predominantly government bonds, corporate debt securities, mortgage backed securities, fund shares and short-term securities such as certificates of deposit. They are classified in Level 2 notably when external prices for the same security can be regularly observed from a reasonable number of market makers that are active in this security, but these prices do not represent directly tradable prices. This comprises amongst other, consensus pricing services with a reasonable number of contributors that are active market makers as well as indicative runs from active brokers and/or dealers. Other sources such as primary issuance market, collateral valuation and counterparty collateral valuation matching may also be used where relevant.

**Repurchase agreements** are classified predominantly in Level 2. The classification is primarily based on the observability and liquidity of the repo market, depending on the underlying collateral.

**Debts issued** designated as at fair value through profit and loss, are classified in the same level as the one that would apply to the embedded derivative taken individually. The issuance spread is considered observable.

**Derivatives** classified in Level 2 comprise mainly the following instruments:

- Vanilla instruments such as interest rate swaps, caps, floors and swaptions, credit default swaps, equity/foreign exchange (FX)/commodities forwards and options;
- Structured derivatives such as exotic FX options, mono- and multi-underlying equity/funds derivatives, single curve exotic interest rate derivatives and derivatives based on structured rates.

The above derivatives are classified in Level 2 when there is a documented stream of evidence supporting one of the following:

- Fair value is predominantly derived from prices or quotations of other Level 1 and Level 2 instruments, through standard market interpolation or stripping techniques whose results are regularly corroborated by real transactions;
- Fair value is derived from other standard techniques such as replication or discounted cash flows that are calibrated to observable prices, that bear limited model risk and enable an effective offset of the risks of the instrument through trading Level 1 or Level 2 instruments;
- Fair value is derived from more sophisticated or proprietary valuation techniques but is directly evidenced through regular back-testing using external market-based data.

Determining of whether an over-the-counter (OTC) derivative is eligible for Level 2 classification involves judgement. Consideration is given to the origin, transparency and reliability of external data used, and the amount of uncertainty associated with the use of models. It follows that the Level 2 classification criteria involve multiple analysis axis within an “observability zone” whose limits are determined by i) a predetermined list of product categories and ii) the underlying and maturity bands. These criteria are regularly reviewed and updated, together with the applicable valuation adjustments, so that the classification by level remains consistent with the valuation adjustment policy.

### **Level 3**

**Level 3 securities** of the trading book mainly comprise CLOs and CDOs of ABSs linked to legacy activity. Other Level 3 securities designated as at fair value through profit or loss or classified as available for sale comprise units of funds and unquoted equity shares.

CLOs represent the large majority of the Level 3 trading book stock. Fair value is determined using a methodology that takes into consideration both the available external indicative prices as well as discounted expected cash flows. Constant prepayment rates are amongst the main unobservable inputs required to model the underlying pool of cash flow payments. Other unobservable inputs are related to the cash/synthetic funding basis and the discounting margin.

CDOs of ABSs collateral pools comprise Commercial Real Estate Loans, Commercial Mortgage Backed Securities – CMBSs and Residential Mortgage Backed Securities – RMBSs. The fair value of CDOs is based on a “liquidation approach” and a “discounted expected cash flow” approach, depending on the distressed nature of the collateral.

For RMBSs, prices are obtained to a large extent from external sources, while for Commercial Real Estate Loans prices are independently valued by an external provider.

The Discounted Expected Cash flow approach for CDOs takes in consideration both an internal and an external independent set of hypotheses to derive expectations about the underlying cash flow payments. Such cash flow expectations are then passed through the CDO waterfall modelled in external platforms, allowing deriving cash flow expectations of the considered CDO tranche. Similarly to the above, fair value requires assumptions about the cash/synthetic funding basis and a discount margin.

Fund units relate to real estate funds for which the valuation of the underlying investments is not frequent, as well as hedge funds for which the observation of the net asset value is not frequent.

Unlisted private equities are systematically classified as Level 3, with the exception of UCITS with a daily net asset value, presented as unlisted securities in note 4.c, but which are classified in the Level 1 of the fair value hierarchy.

Shares and other unlisted variable income securities in level 3 are valued using one of the following methods: a share of reevaluated net book value, multiples of comparable companies, future cash flows method, multi-criteria approach.

**Repurchase agreements: mainly long-term or structured repurchase agreements on corporate bonds and ABSs:** The valuation of these transactions requires proprietary methodologies given the bespoke nature of the transactions and the lack of activity and price discovery in the long-term repo market. The curves used in the valuation are corroborated using available data such as the implied basis of the relevant benchmark bond pool, recent long-term repo trade data and price enquiry data. Valuation adjustments applicable to these exposures are commensurate with the degree of uncertainty inherent in the modelling choices and amount of data available.

**Debts issued** designated as at fair value through profit or loss, are classified in the same level as the one that would apply to the embedded derivative taken individually. The issuance spread is considered observable.

### ***Derivatives***

**Vanilla derivatives** are classified in Level 3 when the exposure is beyond the observation zone for rate curves or volatility surfaces, or relates to less liquid markets such as tranches on old credit index series or emerging markets interest rates markets. The main instruments are:

- **Interest rate derivatives:** exposures mainly comprise swap products in less liquid currencies. Classification is driven by the lower liquidity of some maturities, while observation capabilities through consensus may be available. The valuation technique is standard, and uses external market information and extrapolation techniques.
- **Credit derivatives (CDS):** exposures mainly comprise CDSs beyond the maximum observable maturity and, to a much lesser extent, CDSs on illiquid or distressed names and CDSs on loan indices. Classification is driven by the lack of liquidity while observation capabilities may be available notably through consensus. Level 3 exposures also comprise CDS and Total Return Swaps (TRS) positions on securitised assets. These are priced along the same modelling techniques as the underlying bonds, taking into consideration the funding basis and specific risk premium.
- **Equity derivatives:** exposures essentially comprise long dated forward or volatility products or exposures where there is a limited market for optional products. The marking of the forward curves and volatility surfaces beyond the maximum observable maturity relies on extrapolation techniques. However, when there is no market for model input, volatility or forward is generally determined on the basis of proxy or historical analysis.

These vanilla derivatives are subject to valuation adjustments linked to uncertainty on liquidity, specialised by nature of underlying and liquidity bands.

**Structured derivatives** classified in Level 3 predominantly comprise structured derivatives of which hybrid products (FX/Interest Rates hybrids, Equity hybrids), credit correlation products, prepayment-sensitive products, some stock basket optional products and some interest rate optional instruments. The main exposures are described below, with insight into the related valuation techniques and on the source of uncertainty :

- **Structured interest rate options** are classified in Level 3 when they involve currencies where there is not sufficient observation or when they include a quanto feature where the pay-off is measured with a forex forward fixed rate (except for the main currencies). Long term structured derivatives are also classified in Level 3.
- **Hybrid FX/Interest rate products** essentially comprise a specific product family known as Power Reverse Dual Currency (PRDC). The valuation of PRDCs requires sophisticated modelling of joint behaviour of FX and interest rate, and is notably sensitive to the unobservable FX/interest rate correlations. PRDCs valuations are corroborated with recent trade data and consensus data.
- **Securitisation swaps** mainly comprise fixed rate swaps, cross currency or basis swaps whose notional is indexed to the prepayment behaviour of some underlying portfolio. The estimation of the maturity profile of securitisation swaps is corroborated by statistical estimates using external historical data.
- **Forward volatility options** are generally products whose pay-off is indexed to the future variability of a rate index such as volatility swaps. These products involve material model risk as it is difficult to infer forward volatility information from the market-traded instruments. The valuation adjustment framework is calibrated to the uncertainty inherent in the product, and to the range of uncertainty from the existing external consensus data.
- **Inflation derivatives** classified in Level 3 mainly comprise swap products on inflation indices that are not associated with a liquid indexed bond market, optional products on inflation indices (such as caps and floors) and other forms of inflation indices involving optionality on the inflation indices or on the inflation annual rate. Valuation techniques used for inflation derivatives are predominantly standard market models. Proxy techniques are used for a few limited exposures. Although the valuations are corroborated through monthly consensus data,

these products are classified as Level 3 due to their lack of liquidity and some uncertainties inherent in the calibration.

- The valuation of **bespoke CDOs** requires correlation of default events. This information is inferred from the active index tranche market through a proprietary projection technique and involves proprietary extrapolation and interpolation techniques. Multi-geography CDOs further require an additional correlation assumption. Finally, the bespoke CDO model also involves proprietary assumptions and parameters related to the dynamic of the recovery factor. CDO modelling, is calibrated on the observable index tranche markets, and is regularly back-tested against consensus data on standardised pools. The uncertainty arises from the model risk associated with the projection and geography mixing technique, and the uncertainty of associated parameters, together with the recovery modelling.
- **N to Default baskets** are other forms of credit correlation products, modelled through standard copula techniques. The main inputs required are the pair-wise correlations between the basket components which can be observed in the consensus and the transactions. Linear baskets are considered observable.
- **Equity and equity-hybrid correlation products** are instruments whose pay-off is dependent on the joint behaviour of a basket of equities/indices leading to a sensitivity of the fair value measurement to the correlation amongst the basket components. Hybrid versions of these instruments involve baskets that mix equity and non-equity underlyings such as commodity indices. Only a subset of the Equity/index correlation matrix is regularly observable and traded, while most cross-asset correlations are not active. Therefore, classification in Level 3 depends on the composition of the basket, the maturity, and the hybrid nature of the product. The correlation input is derived from a proprietary model combining historical estimators, and other adjustment factors, that are corroborated by reference to recent trades or external data. The correlation matrix is essentially available from consensus services, and when a correlation between two underlying instruments is not available, it might be obtained from extrapolation or proxy techniques.

These structured derivatives are subject to specific valuation adjustments to cover uncertainties linked to liquidity, parameters and model risk.

### **Valuation adjustments (CVA, DVA and FVA)**

The valuation adjustment for counterparty credit risk (CVA), own-credit risk for derivatives (DVA) and the explicit funding valuation adjustment (FVA) are deemed to be unobservable components of the valuation framework and therefore classified in Level 3. This does not impact, in general cases, the classification of individual transactions into the fair value hierarchy. However, a specific process allows to identify individual deals for which the marginal contribution of these adjustments and related uncertainty is significant. Are particularly concerned some insufficiently collateralized vanilla interest rate instruments with very long residual maturity.

The below table provides the range of values of main unobservable inputs for the valuation of level 3 financial instruments. The ranges displayed correspond to a variety of different underlying instruments and are meaningful only in the context of the valuation technique implemented by BNP Paribas. The weighted averages, where relevant and available, are based on fair values, nominal amounts or sensitivities.

The main unobservable parameters used for the valuation of debt issued in level 3 are equivalent to these of their economic hedge derivative. Information on those derivatives, displayed in the following table, is also applicable to these debts.



| Risk classes   | Balance Sheet valuation<br><i>(in millions of euros)</i> |            | Main product types composing the Level 3 stock within the risk class   | Valuation technique used for the product types considered  | Main unobservable inputs for the product types considered   | Range of unobservable input across Level 3 population considered | Weighted average |
|--|--|------------|--|--|---|--|------------------|
|  | Asset  | Liability  |  |  |   |  |                  |
| Cash instruments   | 613  |            | Collateralised Loan Obligations (CLO)<br><br>CDOs of ABSs (RMBSs, Commercial Real Estate Loans, CMBSS)                                       | Combination of liquidation approach and discounted future cash flow approach   | Discount margin   | 26 bp to 1,303 bp (1)  | 201 bp (a)       |
|  |  |            |  |  | Constant payment rate (CLOs)  | 0 to 10%   | 10% (b)          |
|  |  |            |  |  | Cash / synthetic funding basis (€)  | 3 bp to 8 bp   | not meaningful   |
| Repurchase agreements                                      | 731  | 1,398      | Long-term repo and reverse-repo agreements   | Proxy techniques, based amongst other on the funding basis of a benchmark bond pool, that is actively traded and representative of the repo underlying | Long-term repo spread on private bonds (High Yield, High Grade) and on ABSs                       | 0 bp to 79 bp  | 42 bp (c)        |
| Interest rate derivatives                                  | 3,463  | 2,465      | Hybrid Forex / Interest rates derivatives  | Hybrid Forex interest rate option pricing model  | Correlation between FX rate and interest rates. Main currency pairs are EUR/JPY, USD/JPY, AUD/JPY | 13% to 56%   | 42% (c)          |
|  |  |            | Hybrid inflation rates / Interest rates derivatives  | Hybrid Forex interest rate option pricing model  | Correlation between interest rates and inflation rates mainly in Europe.                          | 3% to 42%  | 32% (c)          |
|  |  |            | Floors and caps on inflation rate or on the cumulative inflation (such as redemption floors), predominantly on European and French inflation | Inflation pricing model  | Volatility of cumulative inflation  | 0.7% to 10.3%  | (d)              |
|  |  |            |  |  | Volatility of the year on year inflation rate   | 0.3% to 2.0%   |                  |
|  |  |            | Forward Volatility products such as volatility swaps, mainly in euro   | Interest rates option pricing model  | Forward volatility of interest rates  | 0.3% to 0.7%   | (d)              |
|  |  |            | Balance-guaranteed fixed rate, basis or cross currency swaps, predominantly on European collateral pools                                     | Prepayment modelling<br>Discounted cash flows  | Constant prepayment rates   | 0.0 % to 40%   | 9% (c)           |
| Credit Derivatives   | 675  | 1,193      | Collateralised Debt Obligations and index tranches for inactive index series   | Base correlation projection technique and recovery modelling   | Base correlation curve for bespoke portfolios   | 20% to 99%   | (d)              |
|  |  |            |  |  | Inter-regions default cross correlation   | 80 % to 90%  | 90%(a)           |
|  |  |            |  |  | Recovery rate variance for single name underlyings  | 0 to 25%   | (d)              |
|  |  |            | N-to-default baskets   | Credit default model   | Default correlation   | 50% to 91%   | 85% (c)          |
|  |  |            | Single name Credit Default Swaps (other than CDS on ABSs and loans indices)  | Stripping, extrapolation and interpolation   | Credit default spreads beyond observation limit (10 years)  | 55 bp to 312 bp (2)  | 253 bp (a)       |
| Illiquid credit default spread curves (across main tenors) | 8 bp to 2,581 bp (3)                                     | 139 bp (a) |  |  |   |  |                  |
| Equity Derivatives   | 1,738  | 5,925      | Simple and complex derivatives on multi-underlying baskets on stocks   | Various volatility option models   | Unobservable equity volatility  | 0% to 94% (4)  | (d)              |
|  |  |            |  |  | Unobservable equity correlation   | 15% to 98%   | 60% (a)          |

(1) The lower part of the range is relative to short-dated securities, while the upper relates to US CDOs of ABSs, which are not significant to the balance sheet since their prices are close to zero. Removing these outliers, the discount margin would range from 26bp to 771bp.

(2) The upper part of the range relates to non-material balance sheet and net risk position on a European corporate. The other part relates mainly to sovereign issuers.

(3) The upper bound of the range relates to a materials sector issuer that represents an insignificant portion of the balance sheet on CDSs with illiquid underlying. Removing this risk factor which has the highest spread, the upper bound of the range would be 750bp.

(4) The upper part of the range relates to 4 equity instruments representing a non-material portion of the balance sheet on options with equity underlying instruments. Removing this outlier, the upper bound of the range would be around 94 %.

(a) Weighting is not based on risks, but on an alternative methodology in relation with the Level 3 instruments (PV or notional)

(b) The upper bound of the range relates to CLOs which represent the large majority of the exposures

(c) Weights based on relevant risk axis at portfolio level

(d) No weighting since no explicit sensitivity is attributed to these inputs

**TABLE OF MOVEMENTS IN LEVEL 3 FINANCIAL INSTRUMENTS**

For Level 3 financial instruments, the following movements occurred between 1 January 2015 and 31 December 2016:

| In millions of euros  | Financial Assets  |  |                                     |                 | Financial Liabilities   |  |                 |
|---|---|--|-------------------------------------|-----------------|---|--|-----------------|
|   | Financial instruments at fair value through profit or loss held for trading | Financial instruments designated as at fair value through profit or loss | Available-for-sale financial assets | TOTAL           | Financial instruments at fair value through profit or loss held for trading | Financial instruments designated as at fair value through profit or loss | TOTAL           |
| <b>At 31 December 2014</b>  | <b>19,955</b>   | <b>2,803</b>   | <b>9,233</b>                        | <b>31,991</b>   | <b>(25,479)</b>   | <b>(11,732)</b>  | <b>(37,211)</b> |
| Purchases   | 4,818   | 4,161  | 2,019                               | <b>10,998</b>   |   |  | -               |
| Issues  |   |  |                                     | -               | (2,128)   | (9,021)  | <b>(11,149)</b> |
| Sales   | (2,291)   | (3,470)  | (1,292)                             | <b>(7,053)</b>  |   |  | -               |
| Settlements <sup>(1)</sup>  | (11,355)  | (89)   | (999)                               | <b>(12,443)</b> | 15,159  | 8,519  | <b>23,678</b>   |
| Transfers to level 3  | 1,012   | 130  | 245                                 | <b>1,387</b>    | (463)   | (1,607)  | <b>(2,070)</b>  |
| Transfers from level 3  | (1,750)   | (63)   | (440)                               | <b>(2,253)</b>  | 1,440   | 2,464  | <b>3,904</b>    |
| Gains (or losses) recognised in profit or loss with respect to transactions expired or terminated during the period | (1,778)   | 122  | (162)                               | <b>(1,818)</b>  | 1,339   | 250  | <b>1,589</b>    |
| Gains (or losses) recognised in profit or loss with respect to unexpired instruments at the end of the period       | 1,834   | 149  | (58)                                | <b>1,925</b>    | (716)   | 83   | <b>(633)</b>    |
| Changes in fair value of assets and liabilities recognised directly in equity                                       |   |  |                                     |                 |   |  |                 |
| - Items related to exchange rate movements  | 626   |  | 131                                 | <b>757</b>      | (759)   | (237)  | <b>(996)</b>    |
| - Changes in fair value of assets and liabilities recognised in equity  |   |  | 643                                 | <b>643</b>      |   |  | -               |
| <b>At 31 December 2015</b>  | <b>11,071</b>   | <b>3,743</b>   | <b>9,320</b>                        | <b>24,134</b>   | <b>(11,607)</b>   | <b>(11,281)</b>  | <b>(22,888)</b> |
| Purchases   | 2,061   | 1,308  | 1,133                               | <b>4,502</b>    |   |  | -               |
| Issues  |   |  |                                     | -               | (2,266)   | (5,720)  | <b>(7,986)</b>  |
| Sales   | (1,429)   | (1,210)  | (2,098)                             | <b>(4,737)</b>  |   |  | -               |
| Settlements <sup>(1)</sup>  | (1,706)   | (115)  | (123)                               | <b>(1,944)</b>  | (1,486)   | 3,889  | <b>2,403</b>    |
| Transfers to level 3  | 427   | 7  | 654                                 | <b>1,088</b>    | (430)   | (1,393)  | <b>(1,823)</b>  |
| Transfers from level 3  | (4,283)   | (218)  | (653)                               | <b>(5,154)</b>  | 903   | 1,401  | <b>2,304</b>    |
| Gains (or losses) recognised in profit or loss with respect to transactions expired or terminated during the period | (148)   | 376  | (278)                               | <b>(50)</b>     | 3,071   | 6  | <b>3,077</b>    |
| Gains (or losses) recognised in profit or loss with respect to unexpired instruments at the end of the period       | 2,612   | 43   | (15)                                | <b>2,640</b>    | 148   | (41)   | <b>107</b>      |
| Changes in fair value of assets and liabilities recognised directly in equity                                       |   |  |                                     |                 |   |  |                 |
| - Items related to exchange rate movements  | (163)   |  |                                     | <b>(163)</b>    | (238)   | (67)   | <b>(305)</b>    |
| - Changes in fair value of assets and liabilities recognised in equity  |   |  | 340                                 | <b>340</b>      |   |  | -               |
| <b>At 31 December 2016</b>  | <b>8,442</b>  | <b>3,934</b>   | <b>8,280</b>                        | <b>20,656</b>   | <b>(11,905)</b>   | <b>(13,206)</b>  | <b>(25,111)</b> |

<sup>(1)</sup> For the assets, includes redemptions of principal, interest payments as well as cash inflows and outflows relating to derivatives. For the liabilities, includes principal redemptions, interest payments as well as cash inflows and outflows relating to derivatives the fair value of which is negative.

Transfers out of Level 3 of derivatives at fair value include mainly the update of the observability tenor of certain yield curves, but also the effect of derivatives becoming only or mainly sensitive to observable inputs due to the shortening of their lifetime.

Transfers into Level 3 of instruments at fair value reflect the effect of the regular update of the observability zones.

Transfers have been reflected as if they had taken place at the beginning of the reporting period.

The Level 3 financial instruments may be hedged by other Level 1 and Level 2 instruments, the gains and losses of which are not shown in this table. Consequently, the gains and losses shown in this table are not representative of the gains and losses arising from management of the net risk on all these instruments.



## SENSITIVITY OF FAIR VALUE TO REASONABLY POSSIBLE CHANGES IN LEVEL 3 ASSUMPTIONS

The following table summarises those financial assets and financial liabilities classified as Level 3 for which alternative assumptions in one or more of the unobservable inputs would change fair value significantly.

The amounts disclosed are intended to illustrate the range of possible uncertainty inherent to the judgement applied when estimating Level 3 parameters, or when selecting valuation techniques. These amounts reflect valuation uncertainties that prevail at the measurement date, and even though such uncertainties predominantly derive from the portfolio sensitivities that prevailed at that measurement date, they are not predictive or indicative of future movements in fair value, nor do they represent the effect of market stress on the portfolio value.

In estimating sensitivities, BNP Paribas either remeasured the financial instruments using reasonably possible inputs, or applied assumptions based on the valuation adjustment policy.

For the sake of simplicity, the sensitivity on cash instruments that are not relating to securitised instruments was based on a uniform 1% shift in the price. More specific shifts were however calibrated for each class of the Level 3 securitised exposures, based on the possible ranges of the unobservable inputs.

For derivative exposures, the sensitivity measurement is based on the credit valuation adjustment (CVA), the explicit funding valuation adjustment (FVA) and the parameter and model uncertainty adjustments related to Level 3.

Regarding the credit valuation adjustment (CVA) and the explicit funding valuation adjustment (FVA), the uncertainty was calibrated based on prudent valuation adjustments described in the technical standard "Prudent Valuation" published by the European Banking Authority. For other valuation adjustments, two scenarios were considered: a favourable scenario where all or portion of the valuation adjustment is not considered by market participants, and an unfavourable scenario where market participants would require twice the amount of valuation adjustments considered by BNP Paribas for entering into a transaction.

| In millions of euros                                | 31 December 2016           |                            | 31 December 2015           |                            |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
|   | Potential impact on income | Potential impact on equity | Potential impact on income | Potential impact on equity |
| Treasury bills and government bonds                 |                            |                            |                            |                            |
| Asset Backed Securities (ABS)                       | +/-12                      | +/-1                       | +/-27                      |                            |
| CDOs / CLOs   | +/-12                      |                            | +/-26                      |                            |
| Other Asset Backed Securities                       |                            | +/-1                       | +/-1                       |                            |
| Other fixed-income securities                       | +/-2                       | +/-9                       | +/-3                       | +/-17                      |
| Equities and other variable-income securities       | +/-42                      | +/-73                      | +/-39                      | +/-76                      |
| Repurchase agreements                               | +/-7                       |                            | +/-14                      |                            |
| Derivative financial instruments                    | +/-844                     |                            | +/-856                     |                            |
| Interest rate and foreign exchange derivatives      | +/-605                     |                            | +/-623                     |                            |
| Credit derivatives                                  | +/-59                      |                            | +/-45                      |                            |
| Equity derivatives                                  | +/-169                     |                            | +/-179                     |                            |
| Other derivatives                                   | +/-11                      |                            | +/-9                       |                            |
| <b>Sensitivity of Level 3 financial instruments</b> | <b>+/-907</b>              | <b>+/-83</b>               | <b>+/-939</b>              | <b>+/-93</b>               |

## DEFERRED MARGIN ON FINANCIAL INSTRUMENTS MEASURED USING TECHNIQUES DEVELOPED INTERNALLY AND BASED ON INPUTS PARTLY UNOBSERVABLE IN ACTIVE MARKETS

Deferred margin on financial instruments ("Day One Profit") only concerns the scope of market activities eligible for Level 3.

The day one profit is calculated after setting aside valuation adjustments for uncertainties as described previously and released to profit or loss over the expected period for which the inputs will be unobservable. The unamortised amount is included under "Financial instruments at fair value through profit or loss" as a reduction in the fair value of the relevant transactions.

| In millions of euros                           | Deferred margin at 31 December 2015 | Deferred margin on transactions during the year | Margin taken to the profit and loss account during the year | Deferred margin at 31 December 2016 |
|--|-------------------------------------|---|---|-------------------------------------|
| Interest rate and foreign exchange derivatives | 316                                 | 107   | (92)  | 331                                 |
| Credit derivatives                             | 119                                 | 47  | (62)  | 104                                 |
| Equity derivatives                             | 313                                 | 192   | (190)   | 315                                 |
| Other derivatives                              | 8                                   |   | (2)   | 6                                   |
| <b>Derivative financial instruments</b>        | <b>756</b>                          | <b>346</b>                                      | <b>(346)</b>  | <b>756</b>                          |

## 4.e RECLASSIFICATION OF FINANCIAL INSTRUMENTS INITIALLY RECOGNISED AS AT FAIR VALUE THROUGH PROFIT OR LOSS HELD FOR TRADING PURPOSES OR AS AVAILABLE-FOR-SALE ASSETS

The amendments to IAS 39 and IFRS 7 adopted by the European Union on 15 October 2008 permit the reclassification of instruments initially held for trading or available-for-sale within the customer loan portfolios or as available-for-sale securities.

| In millions of euros   | Reclassification date         | 31 December 2016 |                       | 31 December 2015 |                       |
|--|-------------------------------|------------------|-----------------------|------------------|-----------------------|
|  |                               | Carrying value   | Market or model value | Carrying value   | Market or model value |
| <b>Structured transactions and other fixed-income securities from the available-for-sale portfolio</b> |                               | <b>509</b>       | <b>604</b>            | <b>562</b>       | <b>696</b>            |
| of which Portuguese sovereign securities   | 30 June 2011                  | 274              | 301                   | 333              | 388                   |
| of which Irish sovereign securities  | 30 June 2011                  | 235              | 303                   | 229              | 308                   |
| <b>Structured transactions and other fixed-income securities from the trading portfolio</b>            | 1 October 2008 / 30 June 2009 | <b>961</b>       | <b>940</b>            | <b>1,395</b>     | <b>1,388</b>          |

Without these reclassifications, the Group's net income would not have been significantly different for the year ended 31 December 2016, nor for the year ended 31 December 2015. Similarly, changes in value of assets and liabilities recognised directly in equity would not have been significantly different in 2016, nor in 2015.

## 4.f INTERBANK AND MONEY-MARKET ITEMS

- Loans and receivables due from credit institutions**

| In millions of euros   | 31 December 2016 | 31 December 2015 |
|--|------------------|------------------|
| On demand accounts   | 6,513            | 9,346            |
| Loans <sup>(1)</sup>   | 37,664           | 31,780           |
| Repurchase agreements  | 3,422            | 2,542            |
| <b>Total loans and receivables due from credit institutions, before impairment</b> | <b>47,599</b>    | <b>43,668</b>    |
| <i>of which doubtful loans</i>   | 274              | 355              |
| <b>Impairment of loans and receivables due from credit institutions (note 2.g)</b> | <b>(188)</b>     | <b>(241)</b>     |
| specific impairment  | (167)            | (203)            |
| collective provisions  | (21)             | (38)             |
| <b>Total loans and receivables due from credit institutions, net of impairment</b> | <b>47,411</b>    | <b>43,427</b>    |

<sup>(1)</sup> Loans and receivables due from credit institutions include term deposits made with central banks, which amounted to EUR 2,192 million as at 31 December 2016 (EUR 1,665 million as at 31 December 2015).

- Due to credit institutions**

| In millions of euros                    | 31 December 2016 | 31 December 2015 |
|---|------------------|------------------|
| On demand accounts                      | 10,775           | 8,527            |
| Borrowings                              | 60,189           | 70,109           |
| Repurchase agreements                   | 4,696            | 5,510            |
| <b>Total due to credit institutions</b> | <b>75,660</b>    | <b>84,146</b>    |

## 4.g CUSTOMER ITEMS

- Loans and receivables due from customers**

| In millions of euros   | 31 December 2016 | 31 December 2015 |
|--|------------------|------------------|
| On demand accounts   | 45,672           | 46,790           |
| Loans to customers   | 663,329          | 628,796          |
| Repurchase agreements  | 1,723            | 5,448            |
| Finance leases   | 28,554           | 27,657           |
| <b>Total loans and receivables due from customers, before impairment</b> | <b>739,278</b>   | <b>708,691</b>   |
| <i>of which doubtful loans</i>   | 41,779           | 41,251           |
| <b>Impairment of loans and receivables due from customers (note 2.g)</b> | <b>(27,045)</b>  | <b>(26,194)</b>  |
| specific impairment  | (23,924)         | (22,730)         |
| collective provisions  | (3,121)          | (3,464)          |
| <b>Total loans and receivables due from customers, net of impairment</b> | <b>712,233</b>   | <b>682,497</b>   |

- **Breakdown of finance leases**

| In millions of euros                       | 31 December 2016 | 31 December 2015 |
|--|------------------|------------------|
| <b>Gross investment</b>                    | <b>31,755</b>    | <b>31,400</b>    |
| Receivable within 1 year                   | 9,479            | 8,741            |
| Receivable after 1 year but within 5 years | 17,576           | 17,134           |
| Receivable beyond 5 years                  | 4,700            | 5,525            |
| <b>Unearned interest income</b>            | <b>(3,201)</b>   | <b>(3,743)</b>   |
| <b>Net investment before impairment</b>    | <b>28,554</b>    | <b>27,657</b>    |
| Receivable within 1 year                   | 8,562            | 7,728            |
| Receivable after 1 year but within 5 years | 15,731           | 14,994           |
| Receivable beyond 5 years                  | 4,261            | 4,935            |
| <b>Impairment provisions</b>               | <b>(990)</b>     | <b>(1,058)</b>   |
| <b>Net investment after impairment</b>     | <b>27,564</b>    | <b>26,599</b>    |

- **Due to customers**

| In millions of euros               | 31 December 2016 | 31 December 2015 |
|------------------------------------|------------------|------------------|
| On demand deposits                 | 443,379          | 399,364          |
| Savings accounts                   | 145,273          | 135,254          |
| Term accounts and short-term notes | 174,943          | 160,498          |
| Repurchase agreements              | 2,358            | 5,193            |
| <b>Total due to customers</b>      | <b>765,953</b>   | <b>700,309</b>   |

## 4.h PAST-DUE AND DOUBTFUL LOANS

The following tables present the carrying amounts of financial assets that are past due but not impaired and impaired assets and related collateral or other guarantees. The amounts shown are stated before any provision on a portfolio basis.

The amounts shown for collateral and other guarantees correspond to the lower of the value of the collateral or other guarantee and the value of the secured assets.

# • Past-due but not impaired loans

| In millions of euros                               | 31 December 2016 |                      |                     |            |               | Collateral received |
|--|------------------|----------------------|---------------------|------------|---------------|---------------------|
|  | < 90 days        | > 90 days < 180 days | > 180 days < 1 year | > 1 year   | Total         |                     |
| Loans and receivables due from credit institutions | 253              | 1                    |                     | 1          | 255           | 42                  |
| Loans and receivables due from customers           | 11,271           | 296                  | 166                 | 333        | 12,066        | 5,809               |
| <b>Total past-due but not impaired loans</b>       | <b>11,524</b>    | <b>297</b>           | <b>166</b>          | <b>334</b> | <b>12,321</b> | <b>5,851</b>        |

| In millions of euros                               | 31 December 2015 |                      |                     |            |               | Collateral received |
|--|------------------|----------------------|---------------------|------------|---------------|---------------------|
|  | < 90 days        | > 90 days < 180 days | > 180 days < 1 year | > 1 year   | Total         |                     |
| Loans and receivables due from credit institutions | 164              | 15                   |                     |            | 179           | 315                 |
| Loans and receivables due from customers           | 13,433           | 466                  | 263                 | 308        | 14,470        | 7,793               |
| <b>Total past-due but not impaired loans</b>       | <b>13,597</b>    | <b>481</b>           | <b>263</b>          | <b>308</b> | <b>14,649</b> | <b>8,108</b>        |

# • Doubtful loans

| In millions of euros  | 31 December 2016 |                 |               |                     |
|---|------------------|-----------------|---------------|---------------------|
|   | Doubtful loans   |                 |               | Collateral received |
|   | Gross value      | Impairment      | Net           |                     |
| Available-for-sale financial assets (excl. variable-income securities) (note 4.c) | 99               | (78)            | 21            |                     |
| Loans and receivables due from credit institutions (note 4.f)                     | 274              | (167)           | 107           | 351                 |
| Loans and receivables due from customers (note 4.g)                               | 41,779           | (23,924)        | 17,855        | 11,981              |
| <b>Doubtful assets</b>  | <b>42,152</b>    | <b>(24,169)</b> | <b>17,983</b> | <b>12,332</b>       |
| Financing commitments given   | 1,055            | (29)            | 1,026         | 1,058               |
| Guarantee commitments given   | 1,374            | (349)           | 1,025         | -                   |
| <b>Off-balance sheet doubtful commitments</b>                                     | <b>2,429</b>     | <b>(378)</b>    | <b>2,051</b>  | <b>1,058</b>        |
| <b>Total</b>  | <b>44,581</b>    | <b>(24,547)</b> | <b>20,034</b> | <b>13,390</b>       |

| In millions of euros  | 31 December 2015 |                 |               |                     |
|---|------------------|-----------------|---------------|---------------------|
|   | Doubtful loans   |                 |               | Collateral received |
|   | Gross value      | Impairment      | Net           |                     |
| Available-for-sale financial assets (excl. variable-income securities) (note 4.c) | 131              | (75)            | 56            |                     |
| Loans and receivables due from credit institutions (note 4.f)                     | 355              | (203)           | 152           | 303                 |
| Loans and receivables due from customers (note 4.g)                               | 41,251           | (22,730)        | 18,521        | 11,814              |
| <b>Doubtful assets</b>  | <b>41,737</b>    | <b>(23,008)</b> | <b>18,729</b> | <b>12,117</b>       |
| Financing commitments given   | 619              | (32)            | 587           | 515                 |
| Guarantee commitments given   | 1,002            | (285)           | 717           |                     |
| <b>Off-balance sheet doubtful commitments</b>                                     | <b>1,621</b>     | <b>(317)</b>    | <b>1,304</b>  | <b>515</b>          |
| <b>Total</b>  | <b>43,358</b>    | <b>(23,325)</b> | <b>20,033</b> | <b>12,632</b>       |

## 4.i DEBT SECURITIES AND SUBORDINATED DEBT

This note covers all debt securities in issue and subordinated debt measured at amortised cost and designated as at fair value through profit or loss.

### DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (note 4.a)

| Issuer / Issue date            | Currency | Original amount in foreign currency (millions) | Date of call or interest step-up | Interest rate           | Interest step-up | Conditions precedent for coupon payment <sup>(1)</sup> | Amount <sup>(2)</sup> eligible to Tier 1 | Amount <sup>(2)</sup> eligible to Tier 2 | 31 December 2016 | 31 December 2015 |
|--------------------------------|----------|--|----------------------------------|-------------------------|------------------|--|--|--|------------------|------------------|
| In millions of euros           |          |  |                                  |                         |                  |  |  |  |                  |                  |
| <b>Debt securities</b>         |          |  |                                  |                         |                  |  |  |  | <b>47,710</b>    | <b>46,330</b>    |
| <b>Subordinated debt</b>       |          |  |                                  |                         |                  |  |  |  | <b>1,012</b>     | <b>1,382</b>     |
| - Redeemable subordinated debt |          |  | <sup>(3)</sup>                   |                         |                  |  | -  | 166                                      | 424              | 473              |
| - Perpetual subordinated debt  |          |  |                                  |                         |                  |  | 162                                      | -  | 588              | 909              |
| BNP Paribas Fortis Dec. 2007   | EUR      | 3,000  | Dec.-14                          | 3-month Euribor +200 bp |                  | A  | 162                                      |  | 588              | 889              |
| Others                         |          |  |                                  |                         |                  |  |  | -  | -                | 20               |

<sup>(1)</sup> Conditions precedent for coupon payment:

A Coupon payments are halted should the issuer have insufficient capital or the underwriters become insolvent or when the dividend declared for Ageas shares falls below a certain threshold.

<sup>(2)</sup> Given the eligibility criteria and prudential adjustments, including the own credit risk and amortisation of instruments.

<sup>(3)</sup> After agreement from the banking supervisory authority and at the issuer's initiative, these debt issues may contain a call provision authorising the Group to redeem the securities prior to maturity by repurchasing them in the stock market, via public tender offers, or in the case of private placements over the counter. Debt issued by BNP Paribas SA or foreign subsidiaries of the Group via placements in the international markets may be subject to early redemption of the capital and early payment of interest due at maturity at the issuer's discretion on or after a date stipulated in the issue particulars (call option), or in the event that changes in the applicable tax rules oblige the BNP Paribas Group issuer to compensate debt-holders for the consequences of such changes. Redemption may be subject to a notice period of between 15 and 60 days, and is in all cases subject to approval by the banking supervisory authorities.

The perpetual subordinated debt recognised at fair value through profit or loss mainly consists of Convertible And Subordinated Hybrid Equity-linked Securities (CASHES) issued by BNP Paribas Fortis (previously Fortis Banque) in December 2007.

The CASHES are perpetual securities but may be exchanged for Ageas (previously Fortis SA/NV) shares at the holder's sole discretion at a price of EUR 239.40. However, as of 19 December 2014, the CASHES will be automatically exchanged into Ageas shares if their price is equal to or higher than EUR 359.10 for twenty consecutive trading days. The principal amount will never be redeemed in cash. The rights of the CASHES holders are limited to the Ageas shares held by BNP Paribas Fortis and pledged to them.

Ageas and BNP Paribas Fortis have entered into a Relative Performance Note (RPN) contract, the value of which varies contractually so as to offset the impact on BNP Paribas Fortis of the relative difference between changes in the value of the CASHES and changes in the value of the Ageas shares.

On 7 May 2015, BNP Paribas and Ageas reached a new agreement which allows BNP Paribas to purchase outstanding CASHES under the condition that these are converted into Ageas shares, leading to a proportional settlement of the RPN. The agreement between Ageas and BNP Paribas expired on 31 December 2016.

On 24 July 2015, BNP Paribas obtained the prior agreement from the European Central Bank to proceed to purchase CASHES within a limit of EUR 200 million nominal amount. In 2016, this agreement was used for EUR 164 million, converted into Ageas shares.

On 8 July 2016, BNP Paribas obtained a new agreement from the European Central Bank to proceed to purchase CASHES within a limit of EUR 200 million nominal amount. This agreement supersedes the previous one.

As at 31 December 2016, the subordinated liability is eligible to Tier 1 capital for EUR 162 million (considering both the transitional period and this agreement).

Maturity schedule of medium and long-term debt securities and redeemable subordinated debt designated as at fair value through profit or loss with a maturity at issuance of more than one year, by contractual maturity:

| Maturity or call option date,<br>in millions of euros | 2017          | 2018         | 2019         | 2020         | 2021         | 2022 -<br>2026 | After 2026   | Total at<br>31 Dec. 2016 |
|---|---------------|--------------|--------------|--------------|--------------|----------------|--------------|--------------------------|
| Medium- and long-term debt securities                 | 11,658        | 6,443        | 6,051        | 6,476        | 4,877        | 8,375          | 3,830        | 47,710                   |
| Redeemable subordinated debt                          | 262           | 43           | -            | 67           | 10           | 20             | 22           | 424                      |
| <b>Total</b>  | <b>11,920</b> | <b>6,486</b> | <b>6,051</b> | <b>6,543</b> | <b>4,887</b> | <b>8,395</b>   | <b>3,852</b> | <b>48,134</b>            |

| Maturity or call option date,<br>in millions of euros | 2016          | 2017         | 2018         | 2019         | 2020         | 2021 -<br>2025 | After 2025   | Total at<br>31 Dec. 2015 |
|---|---------------|--------------|--------------|--------------|--------------|----------------|--------------|--------------------------|
| Medium- and long-term debt securities                 | 11,894        | 6,255        | 5,141        | 4,367        | 5,944        | 8,487          | 4,242        | 46,330                   |
| Redeemable subordinated debt                          | 19            | 271          | 45           | -            | 67           | 30             | 41           | 473                      |
| <b>Total</b>  | <b>11,913</b> | <b>6,526</b> | <b>5,186</b> | <b>4,367</b> | <b>6,011</b> | <b>8,517</b>   | <b>4,283</b> | <b>46,803</b>            |

## DEBT SECURITIES MEASURED AT AMORTISED COST

| Issuer / Issue date  | Currency | Original amount in foreign currency (millions) | Date of call or interest step-up | Interest rate          | Interest step-up         | Conditions precedent for coupon payment <sup>(1)</sup> | Amount <sup>(2)</sup> eligible to Tier 1 | Amount <sup>(2)</sup> eligible to Tier 2 | 31 December 2016 | 31 December 2015 |
|--|----------|--|----------------------------------|------------------------|--------------------------|--|--|--|------------------|------------------|
| In millions of euros   |          |  |                                  |                        |                          |  |  |  |                  |                  |
| <b>Debt securities</b>   |          |  |                                  |                        |                          |  |  |  | <b>153,422</b>   | <b>159,447</b>   |
| <b>- Debt securities in issue with an initial maturity of less than one year</b> |          |  |                                  |                        |                          |  |  |  | <b>78,726</b>    | <b>80,488</b>    |
| Negotiable debt securities   |          |  |                                  |                        |                          |  |  |  | 78,726           | 80,488           |
| <b>- Debt securities in issue with an initial maturity of more than one year</b> |          |  |                                  |                        |                          |  |  |  | <b>74,696</b>    | <b>78,959</b>    |
| Negotiable debt securities   |          |  |                                  |                        |                          |  |  |  | 70,379           | 70,918           |
| Bonds  |          |  |                                  |                        |                          |  |  |  | 4,317            | 8,041            |
| <b>Subordinated debt</b>   |          |  |                                  |                        |                          |  | -  | <b>12,985</b>                            | <b>18,374</b>    | <b>16,544</b>    |
| <b>- Redeemable subordinated debt</b>  |          |  | <sup>(3)</sup>                   |                        |                          |  | -  | <b>12,152</b>                            | <b>16,511</b>    | <b>14,700</b>    |
| <b>- Undated subordinated notes</b>  |          |  | <sup>(3)</sup>                   |                        |                          |  | -  | <b>611</b>                               | <b>1,627</b>     | <b>1,613</b>     |
| BNP Paribas SA Oct. 85   | EUR      | 305  | -                                | TMO - 0.25%            | -                        | B  |  | 254                                      | 254              | 254              |
| BNP Paribas SA Sept. 86  | USD      | 500  | -                                | 6 month-Libor + 0.075% | -                        | C  |  | 260                                      | 260              | 252              |
| BNP Paribas Cardiff Nov. 14  | EUR      | 1,000  | Nov. - 25                        | 4.032%                 | 3-month Euribor + 393 bp | D  |  |  | 1,000            | 1,000            |
| Others   |          |  |                                  |                        |                          |  |  | 97                                       | 113              | 107              |
| <b>- Participating notes</b>   |          |  |                                  |                        |                          |  | -  | <b>222</b>                               | <b>222</b>       | <b>222</b>       |
| BNP Paribas SA July 84 <sup>(4)</sup>  | EUR      | 337  | -                                | <sup>(5)</sup>         | -                        | NA   |  | 215                                      | 215              | 215              |
| Others   |          |  |                                  |                        |                          |  |  | 7  | 7                | 7                |
| <b>- Expenses and commission, related debt</b>                                   |          |  |                                  |                        |                          |  | -  | -  | <b>14</b>        | <b>9</b>         |

<sup>(1)</sup> Conditions precedent for coupon payment

B Payment of the interest is mandatory, unless the Board of Directors decides to postpone these payments after the Shareholders' General Meeting has officially noted that there is no income available for distribution, where this occurs within the 12-month period preceding the due date for payment of the interest. Interest payments are cumulative and are payable in full once dividend payments resume.

C Payment of the interest is mandatory, unless the Board of Directors decides to postpone these payments after the Shareholders' General Meeting in ordinary session has validated the decision not to pay out a dividend, where this occurs within the 12-month period preceding the due date for payment of the interest. Interest payments are cumulative and are payable in full once dividend payments resume. The bank has the option of resuming payment of interest arrears, even where no dividend is paid out.

D Payment of the interest is mandatory, except for cases of regulatory deficiency, in agreement with the regulator, or of suspension of payments. Interest payments are cumulative and are payable in full, once coupon payments resume, or, if these events occur before, when the issuance is redeemed or when the issuer is liquidated.

<sup>(2)</sup> Given the eligibility criteria and prudential adjustments, including amortisation of instruments.

<sup>(3)</sup> See reference relating to "Debt securities at fair value through profit or loss".

<sup>(4)</sup> The participating notes issued by BNP Paribas SA may be repurchased as provided for in the law of 3 January 1983. The number of notes in the market is 1,434,092.

<sup>(5)</sup> Depending on net income subject to a minimum of 85% of the TMO rate and a maximum of 130% of the TMO rate.



Maturity schedule of medium and long-term debt securities and redeemable subordinated debt carried at amortised cost with a maturity at issuance of more than one year, by contractual maturity:

| Maturity or call option date,<br>in millions of euros | 2017          | 2018         | 2019         | 2020         | 2021          | 2022 -<br>2026 | After 2026   | Total at 31<br>Dec. 2016 |
|---|---------------|--------------|--------------|--------------|---------------|----------------|--------------|--------------------------|
| Medium- and long-term debt securities                 | 16,490        | 7,580        | 7,699        | 9,596        | 10,561        | 20,622         | 2,148        | 74,696                   |
| Redeemable subordinated debt                          | 4,170         | 548          | 216          | 27           | 8             | 9,170          | 2,372        | 16,511                   |
| <b>Total</b>  | <b>20,660</b> | <b>8,128</b> | <b>7,915</b> | <b>9,623</b> | <b>10,569</b> | <b>29,792</b>  | <b>4,520</b> | <b>91,207</b>            |

| Maturity or call option date,<br>in millions of euros | 2016          | 2017          | 2018         | 2019         | 2020         | 2021 -<br>2025 | After 2025   | Total at 31<br>Dec. 2015 |
|---|---------------|---------------|--------------|--------------|--------------|----------------|--------------|--------------------------|
| Medium- and long-term debt securities                 | 13,835        | 15,636        | 6,957        | 7,760        | 9,371        | 23,806         | 1,594        | 78,959                   |
| Redeemable subordinated debt                          | 2,705         | 3,385         | 484          | 177          | 147          | 4,743          | 3,059        | 14,700                   |
| <b>Total</b>  | <b>16,540</b> | <b>19,021</b> | <b>7,441</b> | <b>7,937</b> | <b>9,518</b> | <b>28,549</b>  | <b>4,653</b> | <b>93,659</b>            |

#### 4.j HELD-TO-MATURITY FINANCIAL ASSETS

| In millions of euros                           | 31 December 2016 | 31 December 2015 |
|--|------------------|------------------|
| Treasury bills and government bonds            | 5,937            | 7,587            |
| Other fixed-income securities                  | 163              | 170              |
| <b>Total held-to-maturity financial assets</b> | <b>6,100</b>     | <b>7,757</b>     |

No held-to-maturity financial asset was impaired as at 31 December 2016, nor as at 31 December 2015.

Maturity schedule of held-to-maturity financial assets by contractual maturity:

| In millions of euros, at 31 December 2016 | < 1 month | 1 to 3 months | 3 months to 1<br>year | 1 to 5 years | More than 5<br>years | TOTAL        |
|---|-----------|---------------|-----------------------|--------------|----------------------|--------------|
| Held-to-maturity financial assets         | -         | 160           | 1,393                 | 3,460        | 1,087                | <b>6,100</b> |

| In millions of euros, at 31 December 2015 | < 1 month | 1 to 3 months | 3 months to 1<br>year | 1 to 5 years | More than 5<br>years | TOTAL        |
|---|-----------|---------------|-----------------------|--------------|----------------------|--------------|
| Held-to-maturity financial assets         | 141       | 187           | 1,460                 | 4,456        | 1,513                | <b>7,757</b> |

## 4.k CURRENT AND DEFERRED TAXES

| In millions of euros                        | 31 December 2016 | 31 December 2015 |
|---|------------------|------------------|
| Current taxes                               | 1,869            | 1,487            |
| Deferred taxes                              | 6,097            | 6,378            |
| <b>Current and deferred tax assets</b>      | <b>7,966</b>     | <b>7,865</b>     |
| Current taxes                               | 920              | 826              |
| Deferred taxes                              | 2,167            | 2,167            |
| <b>Current and deferred tax liabilities</b> | <b>3,087</b>     | <b>2,993</b>     |

Change in deferred tax over the period:

| In millions of euros   | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|--|----------------------|----------------------|
| <b>Net deferred taxes at start of period</b>   | <b>4,211</b>         | <b>5,032</b>         |
| Net losses arising from deferred taxes (note 2.i)  | (729)                | (907)                |
| Changes in deferred taxes linked to changes in value and reversal through profit or loss of changes in value of available-for-sale financial assets, including those reclassified as loans and receivables | 241                  | 89                   |
| Changes in deferred taxes linked to changes in value and reversal through profit or loss of changes in value of cash flow hedge derivatives  | 208                  | 14                   |
| Changes in deferred taxes linked to items recognised directly in equity that will not be reclassified to profit and loss   | 98                   | (199)                |
| Effect of exchange rate, scope and other movements   | (99)                 | 182                  |
| <b>Net deferred taxes at end of period</b>   | <b>3,930</b>         | <b>4,211</b>         |

Breakdown of deferred tax assets and liabilities by nature:

| In millions of euros   | 31 December 2016 | 31 December 2015 |
|--|------------------|------------------|
| Available-for-sale financial assets, including those reclassified as loans and receivables | (978)            | (1,219)          |
| Unrealised finance lease reserve   | (613)            | (629)            |
| Provisions for employee benefit obligations  | 1,105            | 1,048            |
| Provisions for credit risk   | 2,840            | 3,092            |
| Other items  | (375)            | (166)            |
| Tax loss carryforwards   | 1,951            | 2,085            |
| <b>Net deferred taxes</b>  | <b>3,930</b>     | <b>4,211</b>     |
| Deferred tax assets  | 6,097            | 6,378            |
| Deferred tax liabilities   | (2,167)          | (2,167)          |

Unrecognised deferred tax assets totalled EUR 1,645 million at 31 December 2016 compared with EUR 2,177 million at 31 December 2015.

In order to determine the size of the tax loss carryforwards recognised as assets, the Group conducts every year a specific review for each relevant entity based on the applicable tax regime, notably incorporating any time limit rules, and a realistic projection of their future revenue and charges in line with their business plan.

Main entities with deferred tax assets recognised on tax loss carryforwards:

| In millions of euros  | 31 December 2016 | Statutory time limit on carryforwards | Expected recovery period |
|---|------------------|---------------------------------------|--------------------------|
| BNP Paribas Fortis  | 1,507            | unlimited                             | 6 years                  |
| BNP Paribas Securities Japan Ltd                                    | 60               | 9 years                               | 5 years                  |
| Others  | 384              |                                       |                          |
| <b>Total deferred tax assets relating to tax loss carryforwards</b> | <b>1,951</b>     |                                       |                          |

#### 4.1 ACCRUED INCOME/EXPENSE AND OTHER ASSETS/LIABILITIES

| In millions of euros                                   | 31 December 2016 | 31 December 2015 |
|--|------------------|------------------|
| Guarantee deposits and bank guarantees paid            | 66,722           | 65,590           |
| Settlement accounts related to securities transactions | 14,584           | 11,798           |
| Collection accounts                                    | 555              | 446              |
| Reinsurers' share of technical reserves                | 2,866            | 2,909            |
| Accrued income and prepaid expenses                    | 5,618            | 5,062            |
| Other debtors and miscellaneous assets                 | 25,622           | 22,213           |
| <b>Total accrued income and other assets</b>           | <b>115,967</b>   | <b>108,018</b>   |
| Guarantee deposits received                            | 54,249           | 50,284           |
| Settlement accounts related to securities transactions | 11,049           | 7,337            |
| Collection accounts                                    | 695              | 1,085            |
| Accrued expense and deferred income                    | 7,674            | 7,697            |
| Other creditors and miscellaneous liabilities          | 25,740           | 22,226           |
| <b>Total accrued expense and other liabilities</b>     | <b>99,407</b>    | <b>88,629</b>    |

The movement in “Reinsurers’ share of technical reserves” breaks down as follows:

| In millions of euros   | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|--|----------------------|----------------------|
| <b>Reinsurers' share of technical reserves at start of period</b>          | <b>2,909</b>         | <b>2,782</b>         |
| Increase in technical reserves borne by reinsurers                         | 295                  | 484                  |
| Amounts received in respect of claims and benefits passed on to reinsurers | (378)                | (358)                |
| Effect of changes in exchange rates and scope of consolidation             | 40                   | 1                    |
| <b>Reinsurers' share of technical reserves at end of period</b>            | <b>2,866</b>         | <b>2,909</b>         |

## 4.m EQUITY-METHOD INVESTMENTS

Cumulated financial information of associates and joint ventures is presented in the following table:

| In millions of euros                | Year to 31 Dec. 2016 |  |   | 31 December 2016          | Year to 31 Dec. 2015 |  |   | 31 December 2015          |
|-------------------------------------|----------------------|--|---|---------------------------|----------------------|--|---|---------------------------|
|                                     | Share of net income  | Share of changes in assets and liabilities recognised directly in equity | Share of net income and changes in assets and liabilities recognised directly in equity | Equity-method investments | Share of net income  | Share of changes in assets and liabilities recognised directly in equity | Share of net income and changes in assets and liabilities recognised directly in equity | Equity-method investments |
| Joint ventures                      | 36                   | 11   | 47  | 1,023                     | 29                   | (38)   | (9)   | 1,059                     |
| Associates <sup>(1)</sup>           | 597                  | (108)  | 489   | 5,887                     | 560                  | 158  | 718   | 5,837                     |
| <b>Total equity-method entities</b> | <b>633</b>           | <b>(97)</b>  | <b>536</b>  | <b>6,910</b>              | <b>589</b>           | <b>120</b>   | <b>709</b>  | <b>6,896</b>              |

<sup>(1)</sup>Including controlled but non material entities consolidated under the equity method.

Financing and guarantee commitments given by the Group to joint ventures are listed in the note 7.h Other related parties.

The carrying amount of the Group's investment in the main joint ventures and associates is presented in the following table:

|                                 |                         |                 | 31 December 2016 |                           | 31 December 2015 |                           |
|---------------------------------|-------------------------|-----------------|------------------|---------------------------|------------------|---------------------------|
| In millions of euros            | Country of registration | Activity        | Interest (%)     | Equity-method investments | Interest (%)     | Equity-method investments |
| Joint ventures                  |                         |                 |                  |                           |                  |                           |
| Bpost banque                    | Belgium                 | Retail banking  | 50%              | 366                       | 50%              | 366                       |
| Union de Creditos Inmobiliarios | Spain                   | Retail mortgage | 50%              | 267                       | 50%              | 273                       |
| Associates                      |                         |                 |                  |                           |                  |                           |
| AG Insurance                    | Belgium                 | Insurance       | 25%              | 1,613                     | 25%              | 1,695                     |
| Bank of Nanjing                 | China                   | Retail banking  | 19%              | 1,448                     | 19%              | 1,308                     |

#### 4.n PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS USED IN OPERATIONS, INVESTMENT PROPERTY

| In millions of euros  | 31 December 2016 |   |                 | 31 December 2015 |   |                 |
|---|------------------|---|-----------------|------------------|---|-----------------|
|   | Gross value      | Accumulated depreciation, amortisation and impairment | Carrying amount | Gross value      | Accumulated depreciation, amortisation and impairment | Carrying amount |
| <b>Investment property</b>                                  | <b>2,203</b>     | <b>(292)</b>  | <b>1,911</b>    | <b>1,895</b>     | <b>(256)</b>  | <b>1,639</b>    |
| Land and buildings  | 7,800            | (1,994)   | 5,806           | 7,676            | (2,009)   | 5,667           |
| Equipment, furniture and fixtures                           | 7,024            | (4,896)   | 2,128           | 7,061            | (5,004)   | 2,057           |
| Plant and equipment leased as lessor under operating leases | 18,649           | (5,063)   | 13,586          | 17,486           | (4,959)   | 12,527          |
| Other property, plant and equipment                         | 2,088            | (1,085)   | 1,003           | 2,406            | (1,064)   | 1,342           |
| <b>Property, plant and equipment</b>                        | <b>35,561</b>    | <b>(13,038)</b>                                       | <b>22,523</b>   | <b>34,629</b>    | <b>(13,036)</b>                                       | <b>21,593</b>   |
| Purchased software  | 3,332            | (2,483)   | 849             | 3,270            | (2,487)   | 783             |
| Internally-developed software                               | 4,309            | (3,304)   | 1,005           | 4,051            | (3,158)   | 893             |
| Other intangible assets                                     | 1,815            | (430)   | 1,385           | 1,832            | (404)   | 1,428           |
| <b>Intangible assets</b>                                    | <b>9,456</b>     | <b>(6,217)</b>  | <b>3,239</b>    | <b>9,153</b>     | <b>(6,049)</b>  | <b>3,104</b>    |

- Investment property**

Land and buildings leased by the Group as lessor under operating leases, and land and buildings held as investments in connection with the life insurance business, are recorded in "Investment property".

The estimated fair value of investment property accounted for at amortised cost at 31 December 2016 is EUR 2,143 million, compared with EUR 1,846 million at 31 December 2015.

- Operating leases**

Operating leases and investment property transactions are in certain cases subject to agreements providing for the following minimum future payments:

| In millions of euros   | 31 December 2016 | 31 December 2015 |
|--|------------------|------------------|
| <b>Future minimum lease payments receivable under non-cancellable leases</b> | <b>5,676</b>     | <b>5,650</b>     |
| <i>Payments receivable within 1 year</i>                                     | 2,503            | 2,539            |
| <i>Payments receivable after 1 year but within 5 years</i>                   | 3,121            | 3,053            |
| <i>Payments receivable beyond 5 years</i>                                    | 52               | 58               |

Future minimum lease payments receivable under non-cancellable leases are payments that the lessee is required to make during the lease term.

- Intangible assets**

Other intangible assets include leasehold rights, goodwill and trademarks acquired by the Group.

- **Depreciation, amortisation and impairment**

Net depreciation and amortisation expense for the year ended 31 December 2016 was EUR 1,713 million, compared with EUR 1,661 million for the year ended 31 December 2015.

The net decrease in impairment on property, plant, equipment and intangible assets taken to the profit and loss account in the year ended 31 December 2016 amounted to EUR 16 million, compared with EUR 7 million for the year ended 31 December 2015.

## 4.0 GOODWILL

| In millions of euros                                   | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|--|----------------------|----------------------|
| <b>Carrying amount at start of period</b>              | <b>10,316</b>        | <b>10,577</b>        |
| Acquisitions   | 55                   | 296                  |
| Divestments  | (67)                 | (9)                  |
| Impairment recognised during the period                | (182)                | (993)                |
| Exchange rate adjustments                              | 91                   | 440                  |
| Other movements  | 3                    | 5                    |
| <b>Carrying amount at end of period</b>                | <b>10,216</b>        | <b>10,316</b>        |
| Gross value  | 13,012               | 13,031               |
| Accumulated impairment recognised at the end of period | (2,796)              | (2,715)              |

Goodwill by cash-generating unit is as follows:

| In millions of euros   | Carrying amount  |                  | Impairment recognised during the period |                      | Acquisitions during the period |                          |
|--|------------------|------------------|---|----------------------|--------------------------------|--------------------------|
|  | 31 December 2016 | 31 December 2015 | Year to 31 Dec. 2016                    | Year to 31 Dec. 2015 | Year to 31 December 2016       | Year to 31 December 2015 |
| <b>Retail Banking &amp; Services</b>   | <b>9,070</b>     | <b>9,141</b>     | <b>(182)</b>                            | <b>(993)</b>         | <b>55</b>                      | <b>268</b>               |
| <b>Domestic Markets</b>  | <b>1,269</b>     | <b>1,275</b>     | <b>-</b>                                | <b>(917)</b>         | <b>55</b>                      | <b>248</b>               |
| Arval  | 509              | 581              |   |                      | (38)                           | 245                      |
| BNL banca commerciale  |                  |                  |   | (917)                |                                |                          |
| Leasing Solutions  | 136              | 139              |   |                      |                                |                          |
| Personal Investors   | 618              | 549              |   |                      | 93                             | 3                        |
| Others   | 6                | 6                |   |                      |                                |                          |
| <b>International Financial Services</b>                                      | <b>7,801</b>     | <b>7,866</b>     | <b>(182)</b>                            | <b>(76)</b>          | <b>-</b>                       | <b>20</b>                |
| Insurance  | 296              | 298              |   |                      |                                | 5                        |
| BancWest   | 4,728            | 4,581            |   |                      |                                |                          |
| Bank BGŻ BNP Paribas   |                  | 131              | (127)                                   |                      |                                | 29                       |
| Investment Partners  | 177              | 177              |   |                      |                                |                          |
| Personal Finance   | 1,342            | 1,291            |   |                      |                                | (14)                     |
| Personal Finance - partnership tested individually                           | 384              | 438              | (54)                                    |                      |                                |                          |
| Real Estate  | 370              | 377              | (1)                                     |                      |                                |                          |
| Türk Ekonomi Bankası A.S   | 191              | 223              |   |                      |                                |                          |
| Wealth Management  | 276              | 319              |   | (76)                 |                                |                          |
| Others   | 37               | 31               |   |                      |                                |                          |
| <b>Corporate &amp; Institutional Banking</b>                                 | <b>1,143</b>     | <b>1,172</b>     | <b>-</b>                                | <b>-</b>             | <b>-</b>                       | <b>28</b>                |
| Corporate Banking  | 280              | 278              |   |                      |                                |                          |
| Global Markets   | 438              | 433              |   |                      |                                |                          |
| Securities Services  | 425              | 461              |   |                      |                                | 28                       |
| <b>Other Activities</b>  | <b>3</b>         | <b>3</b>         |   |                      |                                |                          |
| <b>Total goodwill</b>  | <b>10,216</b>    | <b>10,316</b>    | <b>(182)</b>                            | <b>(993)</b>         | <b>55</b>                      | <b>296</b>               |
| <b>Change in value of goodwill recognised in the profit and loss account</b> |                  |                  | <b>(182)</b>                            | <b>(993)</b>         |                                |                          |

The homogeneous groups of businesses to which goodwill is allocated are:

**Arval:** Specialist in vehicle long-term leasing, Arval offers corporates (from multinational companies to small business clients) tailored solutions that optimise their employees' mobility and outsource the risks associated with fleet management. Recently, clientele was expanded to include individuals.

**BNL banca commerciale:** Italy's 6th largest bank in terms of total assets and loans to customers. BNL bc provides a comprehensive range of banking, financial and insurance products and services to meet the needs of its diversified client base. BNL bc has a strong position in lending, especially residential mortgages. BNL bc also has a long-standing tradition in supporting large companies and local authorities, with a reputation in cross-border payments, project financing and structured finance, as well as factoring through its specialised subsidiary Ifitalia.

**Leasing Solutions :** BNP Paribas Leasing Solutions uses a multi-channel partnership approach (sales *via* referrals, partnerships, direct sales and banking networks) to offer corporate and small business clients an array of leasing and rental solutions, ranging from equipment financing to fleet outsourcing.

**Personal Investors:** BNP Paribas Personal Investors is a digital specialist of banking and investment services. Mainly based in Germany, Austria, Spain and India, it provides a wide range of banking, savings and long and short term investment services to individual clients via the internet, on mobile applications, on the phone and face-to-face. In addition to its activities destined to private clients, Personal Investors offers its services and IT platform to independent financial consultants and asset managers.

**Insurance:** BNP Paribas Cardif, a world leader in personal insurance, has designed, developed and marketed savings and protection products and services to protect individuals, their projects and their assets.

BNP Paribas Cardif has developed new forms of insurance and extended its offer of protection to health insurance, budget insurance, revenue and means of payment insurance, warranty extensions, non-life insurance, unemployment insurance, return-to-work assistance, protection of private digital data, etc.

**BancWest:** In the United States, the Retail Banking business is conducted through Bank of the West and First Hawaiian Bank. Bank of the West markets a very broad range of retail banking products and services to individuals, small businesses and corporate clients, through branches and offices in 19 States in western and mid-western America. It also has strong positions across the USA in several specialized lending activities, such as marine, recreational vehicles, church lending and agribusiness, and develops its commercial set up particularly in Corporate Banking, Wealth Management and Small and Medium Enterprise businesses. First Hawaiian Bank is Hawaii's leading bank, offering banking services to a local clientele of private individuals and local and international corporates. In August 2016, the Group launched an Initial Public Offer on First Hawaiian Inc and holds as at 31 December 2016 82.6 % of its capital.

**Bank BGŻ BNP Paribas:** Bank BGŻ is a universal commercial bank, one of the leading banks in Poland. Its merger in 2015 with BNP Paribas Bank Polska SA led to the creation of Bank BGŻ BNP Paribas. The integration of these two entities continued in 2016 and the number of agencies in Poland reached 498 at the end of 2016.

**Investment Partners:** BNP Paribas Investment Partners is the dedicated asset management business line of the BNP Paribas Group and offers services to both private and institutional investors (through internal distributors – BNP Paribas private and retail banking – and external distributors) worldwide. To reinforce its local roots and adjust its offer to the specific needs of each client, BNP Paribas Investment Partners adopts a client-focused approach throughout a broad range of expertise (notably equities and bonds of developed markets, sustainable investment, emerging markets, multi-asset solutions).

**Personal Finance:** BNP Paribas Personal Finance (PF) is the Group's consumer credit specialist. Through its brands such as Cetelem, Cofinoga, Findomestic or AlphaCredit, Personal Finance provides a full range of consumer loans at point of sale (retail stores and car dealerships) or through its customer relation centres and online. The consumer credit business also operates within the Group's retail banking network in some countries, through the « PF Inside » set-up. Personal Finance offers insurance products tailored to local needs and practices in each of the countries where it operates. In Germany, Bulgaria, France, Hungary and Italy, the lending and insurance offer of Personal Finance has been complemented by savings products.

A partnership of the BNP Paribas Personal Finance homogeneous group is tested individually for impairment.

**Real Estate:** BNP Paribas Real Estate serves the needs of its clients, whether institutional investors, corporates, public entities or individuals, at all stages of the life cycle of their property (from the conception of a construction project to its daily management).

**Turk Ekonomi Bankasi:** Present mostly in Turkey, Turk Ekonomi Bankasi offers its customers (Retail, Corporate and SME) a wide array of financial products and services, including retail and private banking, treasury and capital markets services, and financing.

**Wealth Management:** BNP Paribas Wealth Management encompasses the private banking activities of BNP Paribas and serves a clientele of wealthy individuals, shareholder families and entrepreneurs seeking a one-stop shop for all their wealth management and financial needs.

**Corporate Banking:** Corporate Banking combines financing solutions to corporates, all transaction banking products, corporate finance advisory services in mergers and acquisitions and primary equity activities.

**Global Markets:** Global Markets provides investment, hedging, financing and research services across asset classes, to corporate and institutional clients – as well as private and retail banking networks. The sustainable, long-term business model of Global Markets connects clients to capital markets throughout EMEA (Europe, Middle East & Africa), Asia Pacific and the Americas, with innovative solutions and digital platforms. Global Markets includes activities of Fixed Income, Currencies & Commodities and Equity & Prime Services.

**Securities Services:** BNP Paribas Securities Services is one of the major global players in securities services and provides integrated solutions for all actors involved in the investment cycle, sell side, buy side and issuers.

Goodwill impairment tests are based on three different methods: observation of transactions related to comparable businesses, share price data for listed companies with comparable businesses, and discounted future cash flows (DCF).

If one of the two comparables-based methods indicates the need for impairment, the DCF method is used to validate the results and determine the amount of impairment required.

The DCF method is based on a number of assumptions in terms of future revenues, expenses and cost of risk (cash flows) based on medium-term business plans over a period of five years. Cash flow projections beyond the 5-year forecast period are based on a growth rate to perpetuity and are normalised when the short-term environment does not reflect the normal conditions of the economic cycle.

The key parameters which are sensitive to the assumptions made are the cost of capital, the cost/income ratio, the cost of risk and the growth rate to perpetuity.



Cost of capital is determined on the basis of a risk-free rate, an observed market risk premium weighted by a risk factor based on comparables specific to each homogeneous group of businesses. The values of these parameters are obtained from external information sources.

Allocated capital is determined for each homogeneous group of businesses based on the “Common Equity Tier One” regulatory requirements for the legal entity to which the homogeneous group of businesses belongs, with a minimum of 7%.

The growth rate to perpetuity used is 2% for mature economies. For CGUs implemented in countries with high levels of inflation, a specific add-on is taken into account (calculated according to inflation rates disclosed by external sources).

The following table shows the sensitivity of cash generating unit valuations to changes in the value of parameters used in the DCF calculation: the cost of capital, the cost/income ratio in terminal value, the cost of risk in terminal value and the growth rate to perpetuity.

In consideration of the increased regulatory capital requirements for BNL banca commerciale, the goodwill allocated to the BNL bc homogeneous group (EUR 917 million) had been impaired in its entirety in 2015.

In consideration of additional banking levies in Poland and the increase in regulatory capital requirements for BGZ, the allocated goodwill has been impaired in its entirety in 2016 (EUR 127 million).

- **Sensitivity of the main goodwill valuations to a 10-basis point change in the cost of capital, a 1% change in the cost/income ratio in terminal value, a 5 % change of the cost of risk in terminal value and a 50-basis point change in the growth rate to perpetuity**

| In millions of euros                | BancWest     | Personal Finance |
|-------------------------------------|--------------|------------------|
| <b>Cost of capital</b>              | <b>7.4%</b>  | <b>9.3%</b>      |
| Adverse change (+10 basis points)   | (172)        | (197)            |
| Positive change (- 10 basis points) | 179          | 203              |
| <b>Cost/income ratio</b>            | <b>60.6%</b> | <b>47.4%</b>     |
| Adverse change (+ 1 %)              | (367)        | (594)            |
| Positive change (-1 %)              | 367          | 594              |
| <b>Cost of risk</b>                 | <b>(220)</b> | <b>(1,504)</b>   |
| Adverse change (+ 5 %)              | (99)         | (470)            |
| Positive change (- 5 %)             | 99           | 470              |
| <b>Growth rate to perpetuity</b>    | <b>2.0%</b>  | <b>2.2%</b>      |
| Adverse change (-50 basis points)   | (332)        | (501)            |
| Positive change (+50 basis points)  | 400          | 578              |

For the BancWest and Personal Finance homogeneous groups of businesses, there would be no grounds for goodwill impairment even if the four most adverse scenarios contained in the table were applied to the impairment test.

## 4.p TECHNICAL RESERVES OF INSURANCE COMPANIES

| In millions of euros   | 31 December 2016 | 31 December 2015 |
|--|------------------|------------------|
| <b>Liabilities related to insurance contracts</b>  | <b>141,368</b>   | <b>135,664</b>   |
| Gross technical reserves   |                  |                  |
| Unit-linked contracts  | 52,314           | 50,082           |
| Other insurance contracts  | 89,054           | 85,582           |
| <b>Liabilities related to financial contracts with discretionary participation feature</b> | <b>34,719</b>    | <b>33,516</b>    |
| <b>Policyholders' surplus reserve - liability</b>  | <b>17,539</b>    | <b>15,863</b>    |
| <b>Total technical reserves of insurance companies</b>                                     | <b>193,626</b>   | <b>185,043</b>   |
| Liabilities related to unit-linked financial contracts <sup>(1)</sup>                      | 3,624            | 2,259            |
| <b>Total liabilities related to contracts written by insurance companies</b>               | <b>197,250</b>   | <b>187,302</b>   |

<sup>(1)</sup>Liabilities related to unit-linked financial contracts are included in "Due to customers" (note 4.g)

The policyholders' surplus reserve arises from the application of shadow accounting. It represents the interest of policyholders within French and Italian life insurance subsidiaries in unrealised gains and losses and impairment losses on assets where the benefit paid under the policy is linked to the return on those assets. It is obtained from stochastic calculations modelling the unrealised gains and losses attributable to policyholders based on economic scenarios and assumptions as regards rates paid to customers and new business inflows. For France, this resulted in an interest of 90% in 2016, unchanged from 2015.

The movement in liabilities related to insurance contracts breaks down as follows:

| In millions of euros   | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|--|----------------------|----------------------|
| <b>Liabilities related to insurance contracts at start of period</b>   | <b>187,302</b>       | <b>177,648</b>       |
| Additions to insurance contract technical reserves and deposits taken on financial contracts related to life insurance | 23,098               | 22,040               |
| Claims and benefits paid   | (14,694)             | (14,874)             |
| Effect of changes in value of admissible investments related to unit-linked business                                   | 979                  | 2,143                |
| Effect of movements in exchange rates  | 474                  | 300                  |
| Effect of changes in the scope of consolidation  | 91                   | 45                   |
| <b>Liabilities related to insurance contracts at end of period</b>   | <b>197,250</b>       | <b>187,302</b>       |

See note 4.1 for details of reinsurers' share of technical reserves.

## 4.q PROVISIONS FOR CONTINGENCIES AND CHARGES

- Provisions for contingencies and charges by type**

| In millions of euros   | 31 Dec. 2015  | Net additions to provisions | Provisions used | Changes in value recognised directly in equity | Effect of movements in exchange rates and other movements | 31 Dec. 2016  |
|--|---------------|-----------------------------|-----------------|--|---|---------------|
| <b>Provisions for employee benefits</b>  | <b>6,681</b>  | <b>995</b>                  | <b>(780)</b>    | <b>323</b>                                     | <b>(30)</b>   | <b>7,189</b>  |
| of which post-employment benefits (note 6.b)   | 4,497         | (13)                        | (192)           | 311  | (13)  | 4,590         |
| of which post-employment healthcare benefits (note 6.b)  | 150           | (8)                         |                 | 12   | 1   | 155           |
| of which provision for other long-term benefits (note 6.c)   | 1,182         | 317                         | (219)           |  | (13)  | 1,267         |
| of which provision for voluntary departure, early retirement plans, and headcount adaptation plan (note 6.d) | 342           | 233                         | (75)            |  | (5)   | 495           |
| of which provision for share-based payments (note 6.e)   | 510           | 466                         | (294)           |  |   | 682           |
| <b>Provisions for home savings accounts and plans</b>  | <b>169</b>    | <b>5</b>                    | <b>-</b>        |  | <b>-</b>  | <b>174</b>    |
| <b>Provisions for credit commitments (note 2.g)</b>  | <b>975</b>    | <b>56</b>                   | <b>(48)</b>     |  | <b>15</b>   | <b>998</b>    |
| <b>Provisions for litigations</b>  | <b>1,590</b>  | <b>297</b>                  | <b>(227)</b>    |  | <b>(25)</b>   | <b>1,635</b>  |
| <b>Other provisions for contingencies and charges</b>  | <b>1,930</b>  | <b>188</b>                  | <b>(315)</b>    |  | <b>2</b>  | <b>1,805</b>  |
| <b>Total provisions for contingencies and charges</b>  | <b>11,345</b> | <b>1,541</b>                | <b>(1,370)</b>  | <b>323</b>                                     | <b>(38)</b>   | <b>11,801</b> |

- Provisions and discount for home savings accounts and plans**

| In millions of euros  | 31 December 2016 | 31 December 2015 |
|---|------------------|------------------|
| <b>Deposits collected under home savings accounts and plans</b>               | <b>17,938</b>    | <b>17,429</b>    |
| of which deposits collected under home savings plans                          | 15,663           | 15,016           |
| Aged more than 10 years   | 3,230            | 3,424            |
| Aged between 4 and 10 years   | 5,645            | 4,503            |
| Aged less than 4 years  | 6,788            | 7,089            |
| <b>Outstanding loans granted under home savings accounts and plans</b>        | <b>112</b>       | <b>164</b>       |
| of which loans granted under home savings plans                               | 19               | 29               |
| <b>Provisions and discount recognised for home savings accounts and plans</b> | <b>176</b>       | <b>172</b>       |
| provisions recognised for home savings plans                                  | 172              | 166              |
| provisions recognised for home savings accounts                               | 2                | 3                |
| discount recognised for home savings accounts and plans                       | 2                | 3                |

## **4.r OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES**

The following tables present the amounts of financial assets and liabilities before and after offsetting. This information, required by IFRS 7, aims to enable the comparability with the accounting treatment applicable in accordance with generally accepted accounting principles in the United States (US GAAP), which are less restrictive than IAS 32 as regards offsetting.

“Amounts set off on the balance sheet” have been determined according to IAS 32. Thus, a financial asset and a financial liability are offset and the net amount presented on the balance sheet when, and only when, the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Amounts set off derive mainly from repurchase agreements and derivative instruments traded with clearing houses.

The “impacts of master netting agreements and similar agreements” are relative to outstanding amounts of transactions within an enforceable agreement, which do not meet the offsetting criteria defined by IAS 32. This is the case of transactions for which offsetting can only be performed in case of default, insolvency or bankruptcy of one of the contracting parties.

“Financial instruments given or received as collateral” include guarantee deposits and securities collateral recognised at fair value. These guarantees can only be exercised in case of default, insolvency or bankruptcy of one of the contracting parties.

Regarding master netting agreements, the guarantee deposits received or given in compensation for the positive or negative fair values of financial instruments are recognised in the balance sheet in accrued income or expenses and other assets or liabilities.

| In millions of euros,<br>at 31 December 2016                                       | Gross<br>amounts of<br>financial<br>assets | Gross<br>amounts set<br>off on the<br>balance sheet | Net amounts<br>presented on<br>the balance<br>sheet | Impact of<br>Master<br>Netting<br>Agreements<br>(MNA) and<br>similar<br>agreements | Financial<br>instruments<br>received as<br>collateral | Net amounts      |
|--|--|---|---|--|---|------------------|
| <b>Assets</b>  |  |   |   |  |   |                  |
| Financial instruments at fair value through profit or loss                         |  |   |   |  |   |                  |
| Trading securities   | 123,679                                    |   | 123,679   |  |   | 123,679          |
| Loans  | 525  |   | 525   |  |   | 525              |
| Repurchase agreements  | 274,012                                    | (122,295)   | 151,717   | (26,537)   | (121,424)   | 3,756            |
| Instruments designated as at fair value through profit or loss                     | 87,734                                     | (90)  | 87,644  |  |   | 87,644           |
| Derivative financial instruments (including derivatives used for hedging purposes) | 481,412                                    | (135,117)   | 346,295   | (267,679)  | (35,163)  | 43,453           |
| Loans and receivables due from customers and credit institutions                   | 760,831                                    | (1,187)   | 759,644   | (900)  | (4,118)   | 754,626          |
| of which repurchase agreements   | 5,145                                      |   | 5,145   | (900)  | (4,118)   | 127              |
| Accrued income and other assets  | 117,254                                    | (1,287)   | 115,967   |  | (33,090)  | 82,877           |
| of which guarantee deposits paid   | 66,722                                     |   | 66,722  |  | (33,090)  | 33,632           |
| Other assets not subject to offsetting   | 491,488                                    |   | 491,488   |  |   | 491,488          |
| <b>TOTAL ASSETS</b>  | <b>2,336,935</b>                           | <b>(259,976)</b>                                    | <b>2,076,959</b>                                    | <b>(295,116)</b>   | <b>(193,795)</b>                                      | <b>1,588,048</b> |

| In millions of euros,<br>at 31 December 2016                                       | Gross<br>amounts of<br>financial<br>liabilities | Gross<br>amounts set<br>off on the<br>balance sheet | Net amounts<br>presented on<br>the balance<br>sheet | Impact of<br>Master<br>Netting<br>Agreements<br>(MNA) and<br>similar<br>agreements | Financial<br>instruments<br>given as<br>collateral | Net amounts      |
|--|---|---|---|--|--|------------------|
| <b>Liabilities</b>   |   |   |   |  |  |                  |
| Financial instruments at fair value through profit or loss                         |   |   |   |  |  |                  |
| Trading securities   | 70,326  |   | 70,326  |  |  | 70,326           |
| Borrowings   | 4,190   |   | 4,190   |  |  | 4,190            |
| Repurchase agreements  | 301,311   | (122,295)   | 179,016   | (26,397)   | (150,329)  | 2,290            |
| Instruments designated as at fair value through profit or loss                     | 54,166  | (90)  | 54,076  |  |  | 54,076           |
| Derivative financial instruments (including derivatives used for hedging purposes) | 473,483   | (135,117)   | 338,366   | (267,679)  | (35,230)   | 35,457           |
| Due to customers and to credit institutions  | 842,800   | (1,187)   | 841,613   | (1,040)  | (5,924)  | 834,649          |
| of which repurchase agreements   | 7,054   |   | 7,054   | (1,040)  | (5,924)  | 90               |
| Accrued expense and other liabilities  | 100,694   | (1,287)   | 99,407  |  | (30,918)   | 68,489           |
| of which guarantee deposits received   | 54,249  |   | 54,249  |  | (30,918)   | 23,331           |
| Other liabilities not subject to offsetting  | 384,745   |   | 384,745   |  |  | 384,745          |
| <b>TOTAL LIABILITIES</b>   | <b>2,231,715</b>                                | <b>(259,976)</b>                                    | <b>1,971,739</b>                                    | <b>(295,116)</b>   | <b>(222,401)</b>                                   | <b>1,454,222</b> |

| In millions of euros,<br>at 31 December 2015                                       | Gross<br>amounts of<br>financial<br>assets | Gross<br>amounts set<br>off on the<br>balance sheet | Net amounts<br>presented on<br>the balance<br>sheet | Impact of<br>Master<br>Netting<br>Agreements<br>(MNA) and<br>similar<br>agreements | Financial<br>instruments<br>received as<br>collateral | Net amounts      |
|--|--|---|---|--|---|------------------|
| <b>Assets</b>  |  |   |   |  |   |                  |
| Financial instruments at fair value through profit or loss                         |  |   |   |  |   |                  |
| Trading securities   | 133,500                                    |   | 133,500   |  |   | 133,500          |
| Loans  | 433  |   | 433   |  |   | 433              |
| Repurchase agreements  | 252,675                                    | (121,325)   | 131,350   | (19,161)   | (111,526)   | 663              |
| Instruments designated as at fair value through profit or loss                     | 83,076                                     |   | 83,076  |  |   | 83,076           |
| Derivative financial instruments (including derivatives used for hedging purposes) | 486,881                                    | (132,194)   | 354,687   | (272,364)  | (34,620)  | 47,703           |
| Loans and receivables due from customers and credit institutions                   | 727,212                                    | (1,288)   | 725,924   | (1,165)  | (6,784)   | 717,975          |
| of which repurchase agreements   | 7,990                                      |   | 7,990   | (1,165)  | (6,784)   | 41               |
| Accrued income and other assets  | 108,703                                    | (685)   | 108,018   |  | (38,335)  | 69,683           |
| of which guarantee deposits paid   | 65,590                                     |   | 65,590  |  | (38,335)  | 27,255           |
| Other assets not subject to offsetting   | 457,205                                    |   | 457,205   |  |   | 457,205          |
| <b>TOTAL ASSETS</b>  | <b>2,249,685</b>                           | <b>(255,492)</b>                                    | <b>1,994,193</b>                                    | <b>(292,690)</b>   | <b>(191,265)</b>                                      | <b>1,510,238</b> |

| In millions of euros,<br>at 31 December 2015                                       | Gross<br>amounts of<br>financial<br>liabilities | Gross<br>amounts set<br>off on the<br>balance sheet | Net amounts<br>presented on<br>the balance<br>sheet | Impact of<br>Master<br>Netting<br>Agreements<br>(MNA) and<br>similar<br>agreements | Financial<br>instruments<br>given as<br>collateral | Net amounts      |
|--|---|---|---|--|--|------------------|
| <b>Liabilities</b>   |   |   |   |  |  |                  |
| Financial instruments at fair value through profit or loss                         |   |   |   |  |  |                  |
| Trading securities   | 82,544  |   | 82,544  |  |  | 82,544           |
| Borrowings   | 3,893   |   | 3,893   |  |  | 3,893            |
| Repurchase agreements  | 274,203   | (121,325)   | 152,878   | (18,996)   | (130,494)  | 3,388            |
| Instruments designated as at fair value through profit or loss                     | 53,118  |   | 53,118  |  |  | 53,118           |
| Derivative financial instruments (including derivatives used for hedging purposes) | 479,090   | (132,194)   | 346,896   | (272,364)  | (38,496)   | 36,036           |
| Due to customers and to credit institutions  | 785,743   | (1,288)   | 784,455   | (1,330)  | (9,136)  | 773,989          |
| of which repurchase agreements   | 10,703  |   | 10,703  | (1,330)  | (9,136)  | 237              |
| Accrued expense and other liabilities  | 89,314  | (685)   | 88,629  |  | (34,730)   | 53,899           |
| of which guarantee deposits received   | 50,284  |   | 50,284  |  | (34,730)   | 15,554           |
| Other liabilities not subject to offsetting  | 381,703   |   | 381,703   |  |  | 381,703          |
| <b>TOTAL LIABILITIES</b>   | <b>2,149,608</b>                                | <b>(255,492)</b>                                    | <b>1,894,116</b>                                    | <b>(292,690)</b>   | <b>(212,856)</b>                                   | <b>1,388,570</b> |

## 4.s TRANSFERS OF FINANCIAL ASSETS

Financial assets that have been transferred but not derecognised by the Group are mainly composed of securities sold temporarily under repurchase agreements or securities lending transactions, as well as securitised assets. The liabilities associated to securities temporarily sold under repurchase agreements consist of debts recognised under the “repurchase agreements” heading. The liabilities associated to securitised assets consist of the securitisation notes purchased by third parties.

- Securities lending, repurchase agreements and other transactions:**

| In millions of euros, at                        | 31 December 2016                      |   | 31 December 2015                      |   |
|---|---------------------------------------|---|---------------------------------------|---|
|   | Carrying amount of transferred assets | Carrying amount of associated liabilities | Carrying amount of transferred assets | Carrying amount of associated liabilities |
| <b>Securities lending operations</b>            |                                       |   |                                       |   |
| Securities at fair value through profit or loss | 2,800                                 |   | 3,870                                 |   |
| Securities classified as loans and receivables  | -                                     |   | 12                                    |   |
| Available-for-sale financial assets             | 5,546                                 |   | 2,970                                 |   |
| <b>Repurchase agreements</b>                    |                                       |   |                                       |   |
| Securities at fair value through profit or loss | 39,642                                | 38,121                                    | 39,631                                | 38,602                                    |
| Securities classified as loans and receivables  | 356                                   | 314                                       | 1,093                                 | 1,090                                     |
| Available-for-sale financial assets             | 8,967                                 | 8,960                                     | 10,373                                | 10,356                                    |
| <b>Other transactions</b>                       |                                       |   |                                       |   |
| Securities at fair value through profit or loss | 195                                   | 195                                       | 327                                   | 327                                       |
| <b>Total</b>                                    | <b>57,506</b>                         | <b>47,590</b>                             | <b>58,276</b>                         | <b>50,375</b>                             |

- Securitisation transactions partially refinanced by external investors, whose recourse is limited to the transferred assets:**

| In millions of euros, at 31 December 2016 | Carrying amount of transferred assets | Carrying amount of associated liabilities | Fair value of transferred assets | Fair value of associated liabilities | Net position |
|---|---------------------------------------|---|----------------------------------|--------------------------------------|--------------|
| <b>Securitisation</b>                     |                                       |   |                                  |                                      |              |
| Loans and receivables                     | 15,002                                | 13,596                                    | 15,477                           | 13,617                               | 1,860        |
| Available-for-sale financial assets       | 277                                   | 131                                       | 279                              | 127                                  | 152          |
| <b>Total</b>                              | <b>15,279</b>                         | <b>13,727</b>                             | <b>15,756</b>                    | <b>13,744</b>                        | <b>2,012</b> |

| In millions of euros, at 31 December 2015 | Carrying amount of transferred assets | Carrying amount of associated liabilities | Fair value of transferred assets | Fair value of associated liabilities | Net position |
|---|---------------------------------------|---|----------------------------------|--------------------------------------|--------------|
| <b>Securitisation</b>                     |                                       |   |                                  |                                      |              |
| Loans and receivables                     | 16,189                                | 15,088                                    | 16,839                           | 15,242                               | 1,597        |
| Available-for-sale financial assets       | 298                                   | 295                                       | 299                              | 299                                  | -            |
| <b>Total</b>                              | <b>16,487</b>                         | <b>15,383</b>                             | <b>17,138</b>                    | <b>15,541</b>                        | <b>1,597</b> |

There have been no significant transfers leading to partial or full derecognition of the financial assets where the Bank has a continuing involvement in them.

## 5. FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS

### 5.a FINANCING COMMITMENTS GIVEN OR RECEIVED

Contractual value of financing commitments given and received by the Group:

| In millions of euros                        | 31 December 2016 | 31 December 2015 |
|---|------------------|------------------|
| <b>Financing commitments given</b>          |                  |                  |
| - to credit institutions                    | 3,833            | 5,879            |
| - to customers                              | 283,326          | 269,937          |
| Confirmed financing commitments             | 219,320          | 209,425          |
| Other commitments given to customers        | 64,006           | 60,512           |
| <b>Total financing commitments given</b>    | <b>287,159</b>   | <b>275,816</b>   |
| <b>Financing commitments received</b>       |                  |                  |
| - from credit institutions                  | 106,964          | 100,343          |
| - from customers                            | 2,145            | 1,601            |
| <b>Total financing commitments received</b> | <b>109,109</b>   | <b>101,944</b>   |

### 5.b GUARANTEE COMMITMENTS GIVEN BY SIGNATURE

| In millions of euros   | 31 December 2016 | 31 December 2015 |
|--|------------------|------------------|
| <b>Guarantee commitments given</b>                             |                  |                  |
| - to credit institutions                                       | 11,696           | 11,995           |
| - to customers   | 117,281          | 109,892          |
| Property guarantees  | 1,392            | 1,206            |
| Sureties provided to tax and other authorities, other sureties | 46,661           | 45,813           |
| Other guarantees   | 69,228           | 62,873           |
| <b>Total guarantee commitments given</b>                       | <b>128,977</b>   | <b>121,887</b>   |



## 5.c OTHER GUARANTEE COMMITMENTS

- Financial instruments given as collateral:**

| In millions of euros   | 31 December 2016 | 31 December 2015 |
|--|------------------|------------------|
| <b>Financial instruments (negotiable securities and private receivables) lodged with central banks and eligible for use at any time as collateral for refinancing transactions after haircut</b> | <b>121,349</b>   | <b>113,192</b>   |
| - Used as collateral with central banks  | 22,529           | 20,153           |
| - Available for refinancing transactions   | 98,820           | 93,039           |
| <b>Securities sold under repurchase agreements</b>   | <b>322,308</b>   | <b>275,497</b>   |
| <b>Other financial assets pledged as collateral for transactions with credit institutions, financial customers or subscribers of covered bonds issued by the Group <sup>(1)</sup></b>            | <b>141,674</b>   | <b>120,871</b>   |

<sup>(1)</sup>Notably including "Société de Financement de l'Économie Française" and "Caisse de Refinancement de l'Habitat" financing.

Financial instruments given as collateral by the Group that the beneficiary is authorised to sell or reuse as collateral amounted to EUR 428,421 million at 31 December 2016 (EUR 357,722 million at 31 December 2015).

- Financial instruments received as collateral:**

| In millions of euros   | 31 December 2016 | 31 December 2015 |
|--|------------------|------------------|
| <b>Financial instruments received as collateral (excluding repurchase agreements)</b>    | <b>114,550</b>   | <b>83,649</b>    |
| <i>of which instruments that the Group is authorised to sell and reuse as collateral</i> | <i>90,959</i>    | <i>59,817</i>    |
| <b>Securities received under repurchase agreements</b>                                   | <b>288,087</b>   | <b>266,093</b>   |

The financial instruments received as collateral or under repurchase agreements that the Group effectively sold or reused as collateral amounted to EUR 245,149 million at 31 December 2016 (compared with EUR 207,333 million at 31 December 2015).

## 6. SALARIES AND EMPLOYEE BENEFITS

### 6.a SALARY AND EMPLOYEE BENEFIT EXPENSE

| In millions of euros  | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|----------------------|----------------------|
| Fixed and variable remuneration, incentive bonuses and profit-sharing | 12,067               | 11,882               |
| Employee benefit expense  | 3,787                | 3,660                |
| Payroll taxes   | 548                  | 519                  |
| <b>Total salary and employee benefit expense</b>                      | <b>16,402</b>        | <b>16,061</b>        |

### 6.b POST-EMPLOYMENT BENEFITS

IAS 19 distinguishes between two categories of plans, each handled differently depending on the risk incurred by the entity. When the entity is committed to paying a fixed amount, stated as a percentage of the beneficiary's annual salary, for example, to an external entity handling payment of the benefits based on the assets available for each plan member, it is described as a defined-contribution plan. Conversely, when the entity's obligation is to manage the financial assets funded through the collection of contributions from employees and to bear the cost of benefits itself or to guarantee the final amount subject to future events, it is described as a defined-benefit plan. The same applies, if the entity entrusts management of the collection of premiums and payment of benefits to a separate entity, but retains the risk arising from management of the assets and/or from future changes in the benefits.

- **Defined-contribution pension plans for Group entities**

The BNP Paribas Group has implemented over the past few years a wide campaign of converting defined-benefit plans into defined-contribution plans.

Thus, in France, the BNP Paribas Group pays contributions to various nationwide basic and top-up pension schemes. BNP Paribas SA and certain subsidiaries have set up a funded pension plan under a company-wide agreement. Under this plan, employees will receive an annuity on retirement in addition to the pension paid by nationwide schemes.

Since defined-benefit plans have been closed to new employees in most countries outside France, they are offered the benefit of joining defined-contribution pension plans.

The amount paid into defined-contribution post-employment plans for the year to 31 December 2016 was EUR 604 million, compared with EUR 606 million for the year to 31 December 2015.

The breakdown by major contributors is determined as follows:

| Contribution amount<br>In millions of euros | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|----------------------|----------------------|
| France                                      | 306                  | 299                  |
| Italy                                       | 62                   | 60                   |
| UK  | 51                   | 57                   |
| USA   | 43                   | 38                   |
| Turkey                                      | 43                   | 43                   |
| Others                                      | 99                   | 109                  |
| <b>TOTAL</b>                                | <b>604</b>           | <b>606</b>           |

In Italy, the plan introduced by BNL is funded by employer contributions (4% of salaries) and employee contributions (2% of salaries). Employees can also make additional voluntary contributions.

In the United Kingdom, the employer contributes 12% of salaries for the majority of employees; employees can make additional voluntary contributions.

In the US, the bank matches the voluntary contributions made by employees, within certain limits.

- **Main defined-benefit pension plans for Group entities, of which indemnities payable on retirement**

- Defined-benefit plans

In Belgium, BNP Paribas Fortis funds a defined-benefit plan, based on final salary and number of years of service, for its management and employees who joined the bank before its pension plans were harmonised on 1 January 2002. Actuarial liabilities under this scheme are pre-funded at 94 % at 31 December 2016 (compared with 97 % at 31 December 2015) through AG Insurance, in which the BNP Paribas Group owns a 25% equity interest.

BNP Paribas Fortis senior managers are covered by a top-up pension plan, paying a lump sum based on the number of years of service and final salary. This plan is pre-funded at 83 % as at 31 December 2016 (85 % at 31 December 2015) through AXA Belgium and AG Insurance. Since 1 January 2015, senior managers benefit from a defined-contribution scheme.

The other employees benefit as well from the defined-contribution scheme.

Since there is a legal obligation for the employer to guarantee a minimum return on financial assets invested under defined-benefit pension plans, a provision was recognised for these defined-contribution schemes, as this guarantee is not entirely covered by the insurance company.

In France, BNP Paribas pays a top-up banking industry pension arising from rights acquired to 31 December 1993 by retired employees and active employees in service at that date. At 31 December 2016, the Group's residual obligations for employees of BNP origin were recognised on the balance sheet in full.

The defined-benefit plans previously granted to Group executives formerly employed by BNP, Paribas or Compagnie Bancaire have all been closed to new employees and converted into top-up type schemes. The amounts allocated to residual beneficiaries, subject to their presence within the Group at retirement, were fixed when these schemes were closed. At 31 December 2016, 96 % of these pension plans were funded through insurance companies (93 % at 31 December 2015).

In the United Kingdom, defined-benefit pension plans (pension funds) still exist but are closed to new employees. Under these plans, the defined pension is generally based on final salary and number of years of service. Pension schemes are managed by independent management bodies (Trustees). At 31 December 2016, obligations for all UK entities were 107 % covered by financial assets, compared with 109 % at 31 December 2015.

In Switzerland, liabilities relate to top-up pension plans based on the principle of defined-contribution schemes with guaranteed returns, paying an annuity under pre-defined terms. These schemes are managed by a foundation. At the end of 2016, obligations were 85 % covered by financial assets, compared with 88 % at the end of 2015.

In the United States, defined-benefit pension plans are based on annual vesting rights to a lump sum comprising a pension expressed as a percentage of annual salary and paying interest at a pre-defined rate. These plans are closed to new entrants and have offered almost no new vesting rights since 2012. At 31 December 2016, the obligation was 66 % covered by financial assets, (70 % at 31 December 2015).

In Turkey, the pension plan replaces the national pension scheme (these obligations are measured based on the terms of the eventual transfer to the Turkish State) and offers guarantees exceeding the minimal legal requirements. At the end of 2016, obligations under this plan are fully funded by financial assets held with an external foundation; these financial assets exceed the related obligations, but this surplus is not recognised as an asset by the Group.

- Other post-employment benefits

Group employees also receive various other contractual post-employment benefits, such as indemnities payable on retirement, determined according to minimal legal requirements (Labour Code, collective agreements) or according to specific company-level agreements.

In France, the obligations for these benefits are funded through a contract held with a third-party insurer. At 31 December 2016, this obligation was 92 % covered by financial assets, compared with 85 % at 31 December 2015.

In other countries, the gross obligations of the Group related to these benefits are mainly concentrated in Italy. They are representative of rights vested up to 31 December 2006, when pension reforms changed Italian termination indemnity schemes into defined-contribution plans.

- Obligations under defined-benefit plans and other post-employment benefits**

- Assets and liabilities recognised on the balance sheet

| In millions of euros, at 31 December 2016 | Defined-benefit obligation arising from wholly or partially funded plans | Defined-benefit obligation arising from unfunded plans | Present value of defined-benefit obligation | Fair value of plan assets | Fair value of reimbursement rights <sup>(1)</sup> | Effect of asset ceiling | Net obligation | of which asset recognised in the balance sheet for defined-benefit plans | of which net assets of defined-benefit plans | of which fair value of reimbursement rights | of which obligation recognised in the balance sheet for defined-benefit plans |
|---|--|--|---|---------------------------|---|-------------------------|----------------|--|--|---|---|
| Belgium                                   | 3,125  | 19   | 3,144                                       | (52)                      | (2,877)   |                         | 215            | (2,877)  |  | (2,877)                                     | 3,092   |
| France                                    | 1,327  | 125  | 1,452                                       | (1,227)                   |   |                         | 225            |  |  |   | 225   |
| UK  | 1,678  | 1  | 1,679                                       | (1,797)                   |   |                         | (118)          | (133)  | (133)  |   | 15  |
| Switzerland                               | 1,143  | 12   | 1,155                                       | (972)                     |   |                         | 183            |  |  |   | 183   |
| USA                                       | 704  | 203  | 907   | (589)                     |   |                         | 318            | (4)  | (4)  |   | 322   |
| Italy                                     |  | 387  | 387   |                           |   |                         | 387            |  |  |   | 387   |
| Turkey                                    | 270  | 35   | 305   | (460)                     |   | 190                     | 35             |  |  |   | 35  |
| Others                                    | 604  | 198  | 802   | (475)                     | (49)  |                         | 278            | (53)   | (4)  | (49)  | 331   |
| <b>TOTAL</b>                              | <b>8,851</b>   | <b>980</b>   | <b>9,831</b>                                | <b>(5,572)</b>            | <b>(2,926)</b>                                    | <b>190</b>              | <b>1,523</b>   | <b>(3,067)</b>   | <b>(141)</b>                                 | <b>(2,926)</b>                              | <b>4,590</b>  |

| In millions of euros, at 31 December 2015 | Defined-benefit obligation arising from wholly or partially funded plans | Defined-benefit obligation arising from unfunded plans | Present value of defined-benefit obligation | Fair value of plan assets | Fair value of reimbursement rights <sup>(1)</sup> | Effect of asset ceiling | Net obligation | of which asset recognised in the balance sheet for defined-benefit plans | of which net assets of defined-benefit plans | of which fair value of reimbursement rights | of which obligation recognised in the balance sheet for defined-benefit plans |
|---|--|--|---|---------------------------|---|-------------------------|----------------|--|--|---|---|
| Belgium                                   | 3,011  | 17   | 3,028                                       | (38)                      | (2,912)   |                         | 78             | (2,912)  |  | (2,912)                                     | 2,990   |
| France                                    | 1,422  | 134  | 1,556                                       | (1,224)                   |   |                         | 332            |  |  |   | 332   |
| UK  | 1,460  | 1  | 1,461                                       | (1,587)                   |   |                         | (126)          | (131)  | (131)  |   | 5   |
| Switzerland                               | 1,080  | 14   | 1,094                                       | (954)                     |   |                         | 140            |  |  |   | 140   |
| USA                                       | 681  | 179  | 860   | (604)                     |   |                         | 256            | (2)  | (2)  |   | 258   |
| Italy                                     |  | 390  | 390   |                           |   |                         | 390            |  |  |   | 390   |
| Turkey                                    | 281  | 32   | 313   | (484)                     |   | 203                     | 32             |  |  |   | 32  |
| Others                                    | 591  | 228  | 819   | (474)                     | (27)  |                         | 318            | (32)   | (5)  | (27)  | 350   |
| <b>TOTAL</b>                              | <b>8,526</b>   | <b>995</b>   | <b>9,521</b>                                | <b>(5,365)</b>            | <b>(2,939)</b>                                    | <b>203</b>              | <b>1,420</b>   | <b>(3,077)</b>   | <b>(138)</b>                                 | <b>(2,939)</b>                              | <b>4,497</b>  |

<sup>(1)</sup> The reimbursement rights are principally found on the balance sheet of the Group's insurance subsidiaries and associated companies - notably AG Insurance with respect to BNP Paribas Fortis' defined-benefit plan - to hedge their commitments to other Group entities that were transferred to them to cover the post-employment benefits of certain employee categories.

## - Change in the present value of the defined-benefit obligation

| In millions of euros   | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|--|----------------------|----------------------|
| <b>Present value of defined-benefit obligation at start of period</b>      | <b>9,521</b>         | <b>9,604</b>         |
| Current service cost   | 270                  | 293                  |
| Interest cost  | 201                  | 181                  |
| Past service cost  | (36)                 | (5)                  |
| Settlements  | (65)                 | -                    |
| Actuarial (gains)/losses on change in demographic assumptions              | 7                    | 22                   |
| Actuarial (gains)/losses on change in financial assumptions                | 734                  | (346)                |
| Actuarial (gains)/losses on experience gaps                                | (86)                 | (1)                  |
| Actual employee contributions  | 24                   | 24                   |
| Benefits paid directly by the employer                                     | (112)                | (123)                |
| Benefits paid from assets/reimbursement rights                             | (441)                | (477)                |
| Exchange rate (gains)/losses on obligation                                 | (229)                | 241                  |
| (Gains)/losses on obligation related to changes in the consolidation scope | 43                   | 108                  |
| <b>Present value of defined-benefit obligation at end of period</b>        | <b>9,831</b>         | <b>9,521</b>         |

## - Change in the fair value of plan assets and reimbursement rights

| In millions of euros   | Plan assets          |                      | Reimbursement rights |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
| <b>Fair value of assets at start of period</b>                         | <b>5,365</b>         | <b>5,094</b>         | <b>2,939</b>         | <b>2,802</b>         |
| Expected return on assets  | 137                  | 126                  | 55                   | 40                   |
| Settlements  | (57)                 |                      |                      |                      |
| Actuarial gains/(losses) on assets                                     | 392                  | 99                   | 18                   | 184                  |
| Actual employee contributions  | 14                   | 14                   | 10                   | 10                   |
| Employer contributions   | 206                  | 112                  | 94                   | 114                  |
| Benefits paid from assets  | (234)                | (264)                | (207)                | (213)                |
| Exchange rate gains/(losses) on assets                                 | (287)                | 179                  |                      |                      |
| Gains/(losses) on assets related to changes in the consolidation scope | 37                   | 4                    | 17                   | 3                    |
| Others   | (1)                  | 1                    |                      | (1)                  |
| <b>Fair value of assets at end of period</b>                           | <b>5,572</b>         | <b>5,365</b>         | <b>2,926</b>         | <b>2,939</b>         |

- Components of the cost of defined-benefit plans

| In millions of euros   | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|--|----------------------|----------------------|
| <b>Service costs</b>   | <b>226</b>           | <b>288</b>           |
| Current service cost   | 270                  | 293                  |
| Past service cost  | (36)                 | (5)                  |
| Settlements  | (8)                  | -                    |
| <b>Net financial expense</b>                                   | <b>27</b>            | <b>34</b>            |
| Interest cost  | 201                  | 181                  |
| Interest income on plan asset                                  | (119)                | (106)                |
| Interest income on reimbursement rights                        | (55)                 | (41)                 |
| <b>Total recognised in salary and employee benefit expense</b> | <b>253</b>           | <b>322</b>           |

- Other items recognised directly in equity

| In millions of euros  | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|----------------------|----------------------|
| <b>Other items recognised directly in equity</b>  | <b>(291)</b>         | <b>639</b>           |
| Actuarial (losses)/gains on plan assets or reimbursement rights                         | 410                  | 283                  |
| Actuarial (losses)/gains of demographic assumptions on the present value of obligations | (7)                  | (22)                 |
| Actuarial (losses)/gains of financial assumptions on the present value of obligations   | (734)                | 346                  |
| Experience (losses)/gains on obligations  | 86                   | 1                    |
| Variation of the effect of assets limitation  | (46)                 | 31                   |

- Main actuarial assumptions used to calculate obligations

In the Eurozone, United Kingdom and United States, the Group discounts its obligations using the yields of high quality corporate bonds, with a term consistent with the duration of the obligations.

The ranges of rates used are as follows:

| In %        | 31 December 2016 |   | 31 December 2015 |   |
|-------------|------------------|---|------------------|---|
|             | Discount rate    | Compensation increase rate <sup>(1)</sup> | Discount rate    | Compensation increase rate <sup>(1)</sup> |
| Belgium     | 0.60%-1.40%      | 2.60%-3.20%                               | 0.40%-2.00%      | 2.40%-3.30%                               |
| France      | 0.10%-1.30%      | 2.00%                                     | 0.60%-2.00%      | 2.30%-3.30%                               |
| UK          | 1.50%-2.80%      | 2.00%-4.70%                               | 2.50%-3.70%      | 2.00%-4.70%                               |
| Switzerland | 0.00%-0.60%      | 1.40%                                     | 0.40%-0.80%      | 1.90%                                     |
| USA         | 1.95%-4.15%      | 4.00%                                     | 4.40%            | 4.00%                                     |
| Italy       | 0.80%-1.80%      | 1.40%-1.70%                               | 0.80%-2.00%      | 1.80%-2.90%                               |
| Turkey      | 10.00%-10.15%    | 6.00%                                     | 10.30%           | 6.00%                                     |

<sup>(1)</sup> Including price increases (inflation)

Observed weighted average rates are as follows:

- In the Eurozone: 1.04 % at 31 December 2016 (1.48 % at 31 December 2015),
- In the United Kingdom: 2.61 % at 31 December 2016 (3.70 % at 31 December 2015),
- In Switzerland: 0.60 % at 31 December 2016 (0.80% at 31 December 2015).

The impact of a 100 bp change in discount rates on the present value of post-employment benefit obligations is as follows:

| Change in the present value of obligations<br>In millions of euros | 31 December 2016        |                         | 31 December 2015        |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Discount rate<br>-100bp | Discount rate<br>+100bp | Discount rate<br>-100bp | Discount rate<br>+100bp |
| Belgium  | 337                     | (288)                   | 277                     | (236)                   |
| France   | 167                     | (139)                   | 156                     | (131)                   |
| UK   | 409                     | (299)                   | 389                     | (292)                   |
| Switzerland  | 114                     | (155)                   | 102                     | (140)                   |
| USA  | 111                     | (95)                    | 106                     | (91)                    |
| Italy  | 35                      | (31)                    | 30                      | (30)                    |
| Turkey   | 16                      | (13)                    | 17                      | (14)                    |



- Actual rate of return on plan assets and reimbursement rights over the period

| In %        | Year to 31 Dec. 2016   |                           | Year to 31 Dec. 2015   |                           |
|-------------|--|---------------------------|--|---------------------------|
|             | Range of value<br>(reflecting the<br>existence of several<br>plans in the same<br>country) | Weighted average<br>rates | Range of value<br>(reflecting the<br>existence of several<br>plans in the same<br>country) | Weighted average<br>rates |
| Belgium     | 0.50%-5.00%  | 2.60%                     | 1.10%-6.00%  | 3.72%                     |
| France      | 3.20%  | 3.20%                     | 3.50%  | 3.50%                     |
| UK          | 3.10%-28.40%   | 23.30%                    | 2.30%-6.90%  | 5.82%                     |
| Switzerland | 1.80%-2.40%  | 1.82%                     | 1.70%-5.10%  | 1.84%                     |
| USA         | 1.70%-6.00%  | 3.57%                     | 1.11%-2.00%  | 1.48%                     |
| Turkey      | 10.00%   | 10.00%                    | 10.80%   | 10.80%                    |

- Breakdown of plan assets

| In %                  | 31 December 2016 |                        |                                |             |                    |            | 31 December 2015 |                        |                                |             |                    |            |
|-----------------------|------------------|------------------------|--------------------------------|-------------|--------------------|------------|------------------|------------------------|--------------------------------|-------------|--------------------|------------|
|                       | Shares           | Government<br>al bonds | Non-<br>Government<br>al bonds | Real-estate | Deposit<br>account | Others     | Shares           | Government<br>al bonds | Non-<br>Government<br>al bonds | Real-estate | Deposit<br>account | Others     |
| Belgium               | 6%               | 51%                    | 22%                            | 2%          | 0%                 | 19%        | 6%               | 56%                    | 18%                            | 2%          | 0%                 | 18%        |
| France <sup>(1)</sup> | 6%               | 67%                    | 19%                            | 8%          | 0%                 | 0%         | 7%               | 66%                    | 18%                            | 9%          | 0%                 | 0%         |
| UK                    | 30%              | 39%                    | 8%                             | 0%          | 2%                 | 21%        | 29%              | 54%                    | 9%                             | 0%          | 2%                 | 6%         |
| Switzerland           | 31%              | 37%                    | 0%                             | 17%         | 2%                 | 13%        | 38%              | 32%                    | 0%                             | 14%         | 3%                 | 13%        |
| USA                   | 24%              | 36%                    | 13%                            | 0%          | 2%                 | 25%        | 47%              | 35%                    | 13%                            | 2%          | 1%                 | 2%         |
| Turkey                | 0%               | 0%                     | 0%                             | 5%          | 94%                | 1%         | 0%               | 0%                     | 0%                             | 5%          | 93%                | 2%         |
| Others                | 6%               | 12%                    | 9%                             | 1%          | 16%                | 56%        | 7%               | 13%                    | 8%                             | 1%          | 19%                | 52%        |
| <b>GROUP</b>          | <b>15%</b>       | <b>43%</b>             | <b>13%</b>                     | <b>4%</b>   | <b>7%</b>          | <b>18%</b> | <b>17%</b>       | <b>47%</b>             | <b>12%</b>                     | <b>4%</b>   | <b>7%</b>          | <b>13%</b> |

<sup>(1)</sup>In France, the breakdown of plan assets reflects the breakdown of the general fund of the insurance company through which the Group's obligations are funded.

The Group introduced an asset management governance for assets backing defined-benefit pension plan commitments, the main objectives of which are the management and control of the risks in term of investment.

It sets out investment principles, in particular, by defining an investment strategy for plan assets, based on financial objectives and financial risk management, to specify the way in which plan assets have to be managed, via financial management servicing contracts.

The investment strategy is based on an assets and liabilities management analysis that should be realised at least on an annual basis for plans with assets in excess of EUR 100 million and every three years for plans with assets of between EUR 20 and EUR 100 million.

- **Post-employment healthcare benefits**

The Group offers some healthcare benefit plans for retired employees, mainly in the United States and Belgium. These plans are mainly closed to new entrants.

At the end of 2016, the healthcare benefit plan of Bank of the West in the United States was closed, rights have been frozen and conditions of eligibility have been modified for some employees.

The current value of post-employment healthcare benefit obligations stood at EUR 155 million at 31 December 2016, compared with EUR 150 million at 31 December 2015, i.e. an increase of EUR 5 million in 2016, of which EUR 12 million recognised directly in shareholders' equity.

## 6.c OTHER LONG-TERM BENEFITS

BNP Paribas offers its employees various long-term benefits, mainly long-service awards, the ability to save up paid annual leave in time savings accounts, and certain guarantees protecting them in the event they become incapacitated. The net provision amounted to EUR 533 million at 31 December 2016 (EUR 546 million at 31 December 2015).

As part of the Group's variable compensation policy, annual deferred compensation plans are set up for certain high-performing employees or pursuant to special regulatory frameworks. Under these plans, payment is deferred over time and is subject to the performance achieved by the business lines, divisions and Group.

Since 2013, BNP Paribas has introduced a Group loyalty scheme with a cash payment, at the end of a three-year vesting period, which fluctuates according to the Group's intrinsic performance. The aim of this loyalty scheme is to make different categories of managerial staff partners in the Group's development and profitability objectives. These personnel are representative of the Group's talent and the breadth of its managerial framework i.e. senior managers, managers in key positions, line managers and experts, high-potential managers, high-performing young executives with good career development prospects and key contributors to the Group's results.

The amounts allocated under this plan are linked to changes in the Group's operational performance over three years (for 80%) and to the achievement of the Group's Corporate Social Responsibility (CSR) targets (for 20%). These nine targets are in line with the four pillars on which the Group's CSR policy is based. In addition, the final payment is subject to continuous service within the Group between the grant date and the payment date, provided that the Group's operating income and pre-tax income for the year prior to payment are strictly positive. For employees subject to special regulatory frameworks, this loyalty scheme is adjusted in accordance with the CRD4 European Directive.

The net obligation related to deferred compensation plans and loyalty schemes amounts to EUR 635 million at 31 December 2016 (EUR 532 million at 31 December 2015).

| In millions of euros  | 31 December 2016 | 31 December 2015 |
|---|------------------|------------------|
| <b>Net provisions for other long-term benefits</b>                            | <b>1,168</b>     | <b>1,078</b>     |
| Asset recognised in the balance sheet under the other long-term benefits      | (99)             | (104)            |
| Obligation recognised in the balance sheet under the other long-term benefits | 1,267            | 1,182            |

## 6.d TERMINATION BENEFITS

BNP Paribas has implemented a number of voluntary redundancy plans and headcount adaptation plans for employees who meet certain eligibility criteria. The obligations to eligible active employees under such plans are provided for as soon as a bilateral agreement or a bilateral agreement proposal for a particular plan is made.

In 2016, in France, CIB activities in BNP Paribas SA and BNP Paribas Arbitrage have set up in their respective scope a 3-year voluntary redundancy plan (from September 2015 to December 2018).

| In millions of euros  | 31 December 2016 | 31 December 2015 |
|---|------------------|------------------|
| Provision for voluntary departure, early retirement plans, and headcount adaptation plans | 495              | 342              |

## 6.e SHARE-BASED PAYMENTS

### SHARE-BASED LOYALTY, COMPENSATION AND INCENTIVE SCHEMES

Until 2012, BNP Paribas set up several share-based payment schemes for certain employees: performance shares plans and stock subscription or purchase plans.

After 2012, only some cash-settled long term compensation plans are still share price-linked, especially for employees whose activities are likely to have an impact on the Group's risk exposure.

- **Deferred share price-linked, cash-settled compensation plans**

As part of the Group's variable remuneration policy, deferred annual compensation plans offered to certain high-performing employees or set up pursuant to special regulatory frameworks may entitle beneficiaries to variable compensation settled in cash but linked to the share price, payable over several years.

- Variable compensation for employees, subject to special regulatory frameworks

Since the publication of the Decree by the French ministry of finance on 13 December 2010, and following the provisions of the European Directive CRD4 of 26 July 2013 transposed into the French law in the Monetary and Financial Code by the Order of 20 February 2014 as well as the Decrees and Orders of 3 November 2014 and the delegated European regulation of 4 March 2014, the variable compensation plans apply to Group employees performing activities that may have a material impact on the Group's risk profile.

Under these plans, payment is deferred over time and is contingent on the performance achieved by the business lines, core businesses and Group.

Sums will mostly be paid in cash linked to the increase or decrease in the BNP Paribas share price.

- Deferred variable compensation for other Group employees

Sums due under the annual deferred compensation plans for high-performing employees are partly paid in cash linked to the increase or decrease in the BNP Paribas share price.

- **Global Share-Based Incentive Plan (until 2012)**

BNP Paribas set up a Global Share-Based Incentive Plan for some Group employees, including stock options and performance share awards.

The option exercise price under these plans is determined at the time of issuance and no discount is offered. The duration of the options granted is 8 years.

Performance shares awarded between 2009 and 2012 vest after a period of 3 or 4 years, depending on the case and provided that the employee is still a member of the Group. The compulsory holding period for performance shares is two years for France-based employees.

Since 2010, the conditional portion granted had been set at 100% of the total award for members of the BNP Paribas Group Executive Committee and senior managers and 20% for other beneficiaries.

Under stock option plans set up between 2003 and 2011, the performance condition was not fully met on seven out of thirty occasions and the adjustments described above were therefore implemented. Under performance share plans awarded between 2009 and 2012, the performance condition was not met on three out of ten occasions and the relevant contingent portion therefore lapsed.

All unexpired plans settle in a potential subscription of BNP Paribas shares.

- Expense of share-based payment

|  | Year to 31 Dec. 2016    |                                      |               | Year to 31 Dec. 2015 |
|--|-------------------------|--------------------------------------|---------------|----------------------|
|  | Performance share plans | Variable deferred compensation plans | Total expense | Total expense        |
| Expense / (revenue) in millions of euros |                         |                                      |               |                      |
| Prior deferred compensation plans        |                         | 139                                  | 139           | 58                   |
| Deferred compensation plans for the year |                         | 327                                  | 327           | 261                  |
| Global Share-Based Incentive Plan        | 1                       |                                      | 1             | 7                    |
| <b>Total</b>                             | <b>1</b>                | <b>466</b>                           | <b>467</b>    | <b>326</b>           |

- **Valuation of stock option plans and performance share plans**

As required under IFRS 2, BNP Paribas attributes a value to stock options and performance shares granted to employees and recognises an expense, determined at the date of grant, calculated respectively on the basis of the fair value of the options and shares concerned. This initial fair value may not subsequently be adjusted for changes in the quoted market price of BNP Paribas shares. The only assumptions that may result in a revision of the fair value during the vesting period, and hence an adjustment in the expense, are those related to the population of beneficiaries (loss of rights) and internal performance conditions. The Group's share-based payment plans are valued by an independent specialist firm.

- **History of plans granted under the Global Share-Based Incentive Plan**

The tables below give details of the characteristics and terms of all unexpired plans at 31 December 2016:

- Stock subscription option plan

| Characteristics of the plan                       |               |                    |  |                               |                    |   | Options outstanding at end of period |  |
|---|---------------|--------------------|--|-------------------------------|--------------------|---|--------------------------------------|--|
| Originating company                               | Date of grant | Number of grantees | Number of options granted <sup>(1)</sup> | Start date of exercise period | Option expiry date | Adjusted exercise price (in euros) <sup>(1)</sup> | Number of options <sup>(1)</sup>     | Remaining period until expiry of options (years) |
| BNP Paribas SA <sup>(2)</sup>                     | 06/04/2009    | 1,397              | 2,437,234                                | 08/04/2013                    | 05/04/2017         | 35.11   | 580,510                              | 0.3  |
| BNP Paribas SA <sup>(2)</sup>                     | 05/03/2010    | 1,820              | 2,423,700                                | 05/03/2014                    | 02/03/2018         | 51.20   | 1,653,851                            | 1.2  |
| BNP Paribas SA <sup>(2)</sup>                     | 04/03/2011    | 1,915              | 2,296,820                                | 04/03/2015                    | 04/03/2019         | 56.45   | 1,942,305                            | 2.2  |
| <b>Total options outstanding at end of period</b> |               |                    |  |                               |                    |   | <b>4,176,666</b>                     |  |

<sup>(1)</sup> The number of options and the exercise price have been adjusted, where appropriate, for the detachment of pre-emptive subscription rights on 30 September 2009, in accordance with the regulations in force.

<sup>(2)</sup> The plan is subject to vesting conditions under which a proportion of the options granted to employees is conditional upon the performance of the BNP Paribas share relative to the Dow Jones EURO STOXX Banks index during the applicable holding period.

Based on this relative performance condition, the adjusted exercise price for these options has been set at EUR 67.74 instead of EUR 56.45 for 212,417 options under the 4 March 2011 plan, outstanding at the year-end.

- Performance share plans

| Characteristics of the plan                      |               |                    |                          |   |  | Number of shares outstanding at end of period |
|--|---------------|--------------------|--------------------------|---|--|---|
| Originating company                              | Date of grant | Number of grantees | Number of shares granted | Vesting date of shares granted <sup>(1)</sup> | Expiry date of holding period for shares granted |   |
| BNP Paribas SA <sup>(2)</sup>                    | 2009-2011     |                    |                          |   |  | 593   |
| BNP Paribas SA                                   | 06/03/2012    | 2,610              | 1,072,480                | 09/03/2015                                    | 09/03/2017                                       | 420   |
| BNP Paribas SA                                   | 06/03/2012    | 2,755              | 849,455                  | 07/03/2016                                    | 07/03/2016                                       | 740   |
| <b>Total shares outstanding at end of period</b> |               |                    |                          |   |  | <b>1,753</b>                                  |

<sup>(1)</sup> The vesting date for certain shares has been deferred due to the beneficiaries' absence on the date initially scheduled.

<sup>(2)</sup> The number of shares has been adjusted for the pre-emptive subscription rights allotted on 30 September 2009.

- **Movements over the past two years**

- Stock subscription option plans

|   | Year to 31 Dec. 2016 |  | Year to 31 Dec. 2015 |  |
|---|----------------------|--|----------------------|--|
|   | Number of options    | Weighted average exercise price (in euros) | Number of options    | Weighted average exercise price (in euros) |
| <b>Options outstanding at 1 January</b>   | <b>8,201,959</b>     | <b>56.09</b>                               | <b>12,416,877</b>    | <b>62.16</b>                               |
| Options exercised during the period       | (682,500)            | 41.75                                      | (427,478)            | 42.98                                      |
| Options expired during the period         | (3,342,793)          |  | (3,787,440)          |  |
| <b>Options outstanding at 31 December</b> | <b>4,176,666</b>     | <b>51.98</b>                               | <b>8,201,959</b>     | <b>56.09</b>                               |
| <b>Options exercisable at 31 December</b> | <b>4,176,666</b>     | <b>51.98</b>                               | <b>8,201,959</b>     | <b>56.09</b>                               |

The average quoted stock market price in 2016 is EUR 54.07 (EUR 56.61 in 2015).

- Performance share plans

|  | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|--|----------------------|----------------------|
|  | Number of shares     | Number of shares     |
| <b>Shares outstanding at 1 January</b>   | <b>756,413</b>       | <b>2,179,141</b>     |
| Shares vested during the period          | (731,055)            | (1,340,114)          |
| Shares expired during the period         | (23,605)             | (82,614)             |
| <b>Shares outstanding at 31 December</b> | <b>1,753</b>         | <b>756,413</b>       |

## 7. ADDITIONAL INFORMATION

### 7.a CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

At 31 December 2016, the share capital of BNP Paribas SA amounted to EUR 2,494,005,306, and was divided into 1,247,002,653 shares. The nominal value of each share is EUR 2. At 31 December 2015, the share capital amounted to EUR 2,492,770,306 and was divided into 1,246,385,153 shares.

#### • Ordinary shares issued by BNP Paribas and held by the Group

|  | Proprietary transactions |  | Trading transactions <sup>(1)</sup> |  | Total            |  |
|--|--------------------------|--|-------------------------------------|--|------------------|--|
|  | Number of shares         | Carrying amount (in millions of euros) | Number of shares                    | Carrying amount (in millions of euros) | Number of shares | Carrying amount (in millions of euros) |
| <b>Shares held at 31 December 2014</b> | <b>2,971,853</b>         | <b>140</b>                             | <b>(3,243,468)</b>                  | <b>(160)</b>                           | <b>(271,615)</b> | <b>(20)</b>                            |
| Acquisitions                           | 895,726                  | 47                                     |                                     |  | 895,726          | 47                                     |
| Disposals                              | (903,592)                | (47)                                   |                                     |  | (903,592)        | (47)                                   |
| Shares delivered to employees          | (1,340,114)              | (59)                                   |                                     |  | (1,340,114)      | (59)                                   |
| Other movements                        |                          |  | 3,081,539                           | 151                                    | 3,081,539        | 151                                    |
| <b>Shares held at 31 December 2015</b> | <b>1,623,873</b>         | <b>81</b>                              | <b>(161,929)</b>                    | <b>(9)</b>                             | <b>1,461,944</b> | <b>72</b>                              |
| Acquisitions                           | 1,365,397                | 61                                     |                                     |  | 1,365,397        | 61                                     |
| Disposals                              | (1,407,897)              | (63)                                   |                                     |  | (1,407,897)      | (63)                                   |
| Shares delivered to employees          | (731,055)                | (35)                                   |                                     |  | (731,055)        | (35)                                   |
| Capital decrease                       | (65,000)                 | (3)                                    | -                                   | -                                      | (65,000)         | (3)                                    |
| Other movements                        |                          |  | 276,647                             | 16                                     | 276,647          | 16                                     |
| <b>Shares held at 31 December 2016</b> | <b>785,318</b>           | <b>41</b>                              | <b>114,718</b>                      | <b>7</b>                               | <b>900,036</b>   | <b>48</b>                              |

<sup>(1)</sup> Transactions realised in the framework of an activity of trading and arbitrage transactions on equity indices.

At 31 December 2016, the BNP Paribas Group was a holder of 900,036 BNP Paribas shares representing an amount of EUR 48 million, which was recognised as a decrease in equity.

In 2016, BNP Paribas SA has decreased its capital by 65,000 shares, which were purchased on the market in 2015 (excluding the liquidity contract). These shares have been cancelled according to the decision made the Board of Directors on 16 December 2016.

Under the Bank's market-making agreement relating to the BNP Paribas share on the Italian market made with Exane BNP Paribas, and in line with the Code of Ethics recognised by the AMF, the Bank bought back 1,365,397 shares in 2016 at an average share price of EUR 44.56, and sold 1,407,897 shares at an average share price of EUR 44.89. At 31 December 2016, 57,500 shares worth EUR 3.2 million were held by BNP Paribas SA under this agreement.

From 1 January 2016 to 31 December 2016, 731,055 shares were delivered following the definitive award of performance shares to their beneficiaries.

- **Preferred shares and Undated Super Subordinated Notes eligible as Tier 1 regulatory capital**

- Preferred shares issued by the Group's foreign subsidiaries

BNP Paribas Personal Finance made in 2004 two issues of undated non-voting preferred shares through a structured entity governed by UK law and which is exclusively controlled. Since the first call date, these preferred shares are redeemable at par at the issuer's discretion at each quarterly coupon date.

| Issuer                           | Date of issue        | Currency | Amount<br>(in millions of euros) | Rate and term before 1st call date    | Rate after 1st call date      |
|----------------------------------|----------------------|----------|----------------------------------|---------------------------------------|-------------------------------|
| Cofinoga Funding II LP           | January and May 2004 | EUR      | 80                               | TEC 10 <sup>(1)</sup> +1.35% 10 years | TEC 10 <sup>(1)</sup> + 1.35% |
| <b>Total at 31 December 2016</b> |                      |          | <b>73 <sup>(2)</sup></b>         |                                       |                               |

<sup>(1)</sup> TEC 10 is the daily long-term government bond index, corresponding to the yield-to-maturity of a fictitious 10-year Treasury note.

<sup>(2)</sup> Value at the date of acquisition of control over the LaSer group.

These issues and the related dividends are recorded under "Minority interests" in the balance sheet.

- Undated Super Subordinated Notes issued by BNP Paribas SA

BNP Paribas has issued Undated Super Subordinated Notes which pay a fixed, fixed adjustable or floating rate coupon and are redeemable at the end of a fixed period and thereafter at each coupon date or every five years. If the notes are not redeemed at the end of this period, some of these issues will pay a coupon indexed to Euribor, Libor or a swap rate if the notes are not redeemed at the end of this period.

On 17 June 2015, BNP Paribas SA has issued Undated Super Subordinated Notes for an amount of EUR 750 million, which pay a 6.125% fixed rate coupon. The notes could be redeemed at the end of a 7-year period. If the notes are not redeemed in 2022, a 5-year euro swap rate coupon will be paid half-yearly. This issue is eligible to Additional Tier 1 capital.

On 29 June 2015, BNP Paribas SA redeemed the June 2005 issue for a total amount of USD 1,070 million at the first call date. These notes paid a 5.186% fixed-rate coupon.

On 19 August 2015, BNP Paribas SA has issued Undated Super Subordinated Notes for an amount of USD 1,500 million which pay a 7.375% fixed-rate coupon. The notes could be redeemed at the end of a 10-year period. If the notes are not redeemed in 2025, a 5-year dollar swap rate coupon will be paid half-yearly. This issue is eligible to Additional Tier 1 capital.

On 30 March 2016, BNP Paribas SA has issued Undated Super Subordinated Notes for an amount of USD 1,500 million which pay a 7.625% fixed-rate coupon. The notes could be redeemed at the end of a 5-year period. If the notes are not redeemed in 2021, a 5-year dollar swap rate coupon will be paid half-yearly. This issue is eligible to Additional Tier 1 capital.

On 12 and 19 April 2016, BNP Paribas SA redeemed the April 2006 issues for a total amount of EUR 549 million and GBP 450 million at the first call date. These notes paid a 4.73% and 5.945% fixed-rate coupon.



On 13 July 2016, BNP Paribas SA redeemed the July 2006 issue for a total amount of GBP 163 million at the first call date. These notes paid a 5.954% fixed-rate coupon.

On 14 December 2016, BNP Paribas SA has issued Undated Super Subordinated Notes for an amount of USD 750 million which pay a 6.75% fixed-rate coupon. These notes could be redeemed at the end of a period of 5 years and 3 months. If the notes are not redeemed in 2022, a 5-year dollar swap rate coupon will be paid half-yearly. This issue is eligible to Additional Tier 1 capital.

The following table summarises the characteristics of these various issues:

| Date of issue   | Currency | Amount<br>(in millions of<br>currency units) | Coupon<br>payment<br>date | Rate and term before 1st call date |            | Rate after 1st call date   |
|---|----------|--|---------------------------|------------------------------------|------------|----------------------------|
| October 2005  | EUR      | 1,000  | annual                    | 4.875%                             | 6 years    | 4.875%                     |
| October 2005  | USD      | 400  | annual                    | 6.25%                              | 6 years    | 6.250%                     |
| July 2006   | EUR      | 150  | annual                    | 5.45%                              | 20 years   | 3-month Euribor + 1.920%   |
| April 2007  | EUR      | 638  | annual                    | 5.019%                             | 10 years   | 3-month Euribor + 1.720%   |
| June 2007   | USD      | 600  | quarterly                 | 6.5%                               | 5 years    | 6.5%                       |
| June 2007   | USD      | 1,100  | semi-annual               | 7.195%                             | 30 years   | USD 3-month Libor + 1.290% |
| October 2007  | GBP      | 200  | annual                    | 7.436%                             | 10 years   | GBP 3-month Libor + 1.850% |
| June 2008   | EUR      | 500  | annual                    | 7.781%                             | 10 years   | 3-month Euribor + 3.750%   |
| September 2008  | EUR      | 100  | annual                    | 7.57%                              | 10 years   | 3-month Euribor + 3.925%   |
| December 2009   | EUR      | 2  | quarterly                 | 3-month Euribor + 3.750%           | 10 years   | 3-month Euribor + 4.750%   |
| December 2009   | EUR      | 17   | annual                    | 7.028%                             | 10 years   | 3-month Euribor + 4.750%   |
| December 2009   | USD      | 70   | quarterly                 | USD 3-month Libor + 3.750%         | 10 years   | USD 3-month Libor + 4.750% |
| December 2009   | USD      | 0.5  | annual                    | 7.384%                             | 10 years   | USD 3-month Libor + 4.750% |
| June 2015   | EUR      | 750  | semi-annual               | 6.125%                             | 7 years    | EUR 5-year swap + 5.230%   |
| August 2015   | USD      | 1,500  | semi-annual               | 7.375%                             | 10 years   | USD 5-year swap + 5.150%   |
| March 2016  | USD      | 1,500  | semi-annual               | 7.625%                             | 5 years    | USD 5-year swap + 6.314%   |
| December 2016   | USD      | 750  | semi-annual               | 6.750%                             | 5.25 years | USD 5-year swap +4.916%    |
| <b>Total euro-equivalent historical value at 31 December 2016</b> |          | <b>8,430 <sup>(1)</sup></b>                  |                           |                                    |            |                            |

<sup>(1)</sup> Net of shares held in treasury by Group entities

BNP Paribas has the option of not paying interest due on these Undated Super Subordinated Notes. Unpaid interest is not carried forward.

For the notes issued before 2015, the absence of coupon payment is conditional on the absence of dividend payment on BNP Paribas SA ordinary shares or on Undated Super Subordinated Note equivalents during the previous year. Interest due is payable once dividend payment on BNP Paribas SA ordinary shares resumes.

The contracts relating to these Undated Super Subordinated Notes contain a loss absorption clause. Under the terms of this clause, in the event of insufficient regulatory capital, the nominal value of the notes may be reduced in order to serve as a new basis for the calculation of the related coupons until the capital deficiency is made up and the nominal value of the notes is increased to its original amount.

The proceeds from these issues are recorded in equity under "Capital and retained earnings". In accordance with IAS 21, issues denominated in foreign currencies are recognised at their historical value based on their translation into euros at the issue date. Interest on the instruments is treated in the same way as dividends.

At 31 December 2016, the BNP Paribas Group held EUR 48 million of Undated Super Subordinated Notes which were deducted from shareholders' equity.

## • Earnings per share

Basic earnings per share are calculated by dividing the net income for the period attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period. The net income attributable to ordinary shareholders is determined by deducting the net income attributable to holders of preferred shares.

Diluted earnings per share correspond to the net income for the period attributable to holders of ordinary shares, divided by the weighted average number of shares outstanding as adjusted for the maximum effect of the conversion of dilutive equity instruments into ordinary shares. In-the-money stock subscription options are taken into account in the diluted earnings per share calculation, as are performance shares granted under the Global Share-based Incentive Plan. Conversion of these instruments would have no effect on the net income figure used in this calculation.

|  | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|--|----------------------|----------------------|
| <b>Net profit / (loss) used to calculate basic and diluted earnings per ordinary share<br/>(in millions of euros) <sup>(1)</sup></b> | <b>7,470</b>         | <b>6,385</b>         |
| <b>Weighted average number of ordinary shares outstanding during the year</b>  | <b>1,244,469,997</b> | <b>1,242,989,279</b> |
| Effect of potentially dilutive ordinary shares   | 147,762              | 1,195,923            |
| - Stock subscription option plan <sup>(2)</sup>  | 146,009              | 458,927              |
| - Performance share attribution plan <sup>(2)</sup>  | 1,753                | 736,996              |
| <b>Weighted average number of ordinary shares used to calculate diluted earnings per share</b>                                       | <b>1,244,617,759</b> | <b>1,244,185,202</b> |
| <b>Basic earnings per share (in euros)</b>   | <b>6.00</b>          | <b>5.14</b>          |
| <b>Diluted earnings per share (in euros)</b>   | <b>6.00</b>          | <b>5.13</b>          |

<sup>(1)</sup>The net profit used to calculate basic and diluted earnings per share is the net profit attributable to equity shareholders, adjusted for the remuneration on the Undated Super Subordinated Notes issued by BNP Paribas SA (treated as preferred share equivalents), which for accounting purposes is handled as dividends, as well as the related foreign exchange impact recognised directly in shareholders' equity.

<sup>(2)</sup>See note 6.e Share-based payments for the description of share-based plans and performance share attribution plans.

The dividend per share paid in 2016 out of the 2015 net income amounted to EUR 2.31, compared with EUR 1.50 paid in 2015 out of the 2014 net income.

## **7.b CONTINGENT LIABILITIES: LEGAL PROCEEDINGS AND ARBITRATION**

The Bank and certain of its subsidiaries are defendants in several actions pending before the United States Bankruptcy Court Southern District of New York brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC (“BLMIS”). These actions, known generally as “clawback claims”, are similar to those brought by the BLMIS Trustee against numerous institutions, and seek recovery of amounts allegedly received by the BNP Paribas entities from BLMIS or indirectly through BLMIS-related “feeder funds” in which BNP Paribas entities held interests. The BLMIS Trustee claims in these actions that the amounts which BNP Paribas entities received are avoidable and recoverable under the U.S. Bankruptcy Code and New York state law. In the aggregate, the amount sought to be recovered in these actions approximates USD 1.3 billion. BNP Paribas has substantial and credible defenses to these actions and is defending against them vigorously. On 22 November 2016, the Bankruptcy Court issued a decision on the ability of the BLMIS Trustee to recover foreign transfers from foreign defendants in these actions. The decision should result in the dismissals of the majority of the BLMIS Trustee’s claims against BNP Paribas entities, which constitute most of the total amount sought to be recovered in these actions. These dismissals will be subject to appeal.

Various litigations and investigations are ongoing relating to the restructuring of the Fortis group, now Ageas, of which BNP Paribas Fortis is no longer part, and to events having occurred before BNP Paribas Fortis became part of the BNP Paribas Group. Among these are litigations brought by shareholder groups in The Netherlands and Belgium against Ageas and, among others, against BNP Paribas Fortis, in relation to its role as global coordinator of Fortis (now Ageas)’s capital increase in October 2007 to partly finance its acquisition of ABN Amro Bank N.V. These shareholder groups mainly allege that there has been a breach in the financial communication, as, inter alia, the disclosure regarding the exposure to subprime mortgages. On 14 March 2016, Ageas announced that it had entered into with representatives of certain shareholder groups a proposed settlement with respect to civil proceedings related to the former Fortis group for the events of 2007 and 2008. This settlement applies to all Fortis shareholders who held shares between 28 February 2007 and 14 October 2008, irrespective of whether they are members of a shareholder group that was represented in the negotiation of the settlement. The parties requested the Amsterdam Court of Appeals to declare the settlement to be binding on all Fortis shareholders who are eligible to participate in it, in accordance with the Dutch Act on Collective Settlement of Mass Claims (“Wet Collectieve Afwikkeling Massaschade” or “WCAM”). BNP Paribas Fortis will be able to invoke this settlement, if it becomes final and binding.

All ongoing civil litigations in Belgium and in the Netherlands involving BNP Paribas Fortis as per its aforementioned role are currently suspended.

Litigation was also brought in Belgium by minority shareholders of Fortis against the Société fédérale de Participations et d’Investissement, Ageas and BNP Paribas seeking (amongst other things) damages from BNP Paribas as restitution for part of the BNP Paribas Fortis shares that were contributed to BNP Paribas in 2009, on the ground that the transfer of these shares was null and void. On 29 April 2016 the Brussels Commercial court decided to stay the proceedings until the resolution of the pending Fortis criminal proceeding in Belgium. BNP Paribas does not have tangible elements to assess the duration of such suspension.

Regulatory and law enforcement authorities in multiple jurisdictions are conducting investigations or making inquiries of a number of financial institutions regarding trading on the foreign exchange markets, including, among other things, possible collusion among financial institutions to manipulate certain benchmark currency exchange rates. The Bank has to date received requests for information in this respect from regulatory and law enforcement authorities in the United Kingdom, the United States and several countries in the Asia-Pacific region as well as from the European Competition Commission. The Bank is cooperating with the investigations and inquiries and responding to the information requests. In November 2014 the Financial Conduct Authority in the United Kingdom, in December 2014 the Hong Kong Monetary Authority and in October 2015, the Financial Services Agency in Japan informed the Bank that they had discontinued their investigation as to BNP Paribas. Moreover the Bank is conducting its own internal review of foreign exchange trading. While this review is ongoing, the Bank is not in a position to foresee the outcome of these investigations and proceedings nor their potential impact.

## **7.c BUSINESS COMBINATIONS**

- **Operations realised in 2016**

- Sharekhan group

BNP Paribas has purchased on 23 November 2016, 100% of Sharekhan group. This acquisition leads the BNP Paribas Group to consolidate Sharekhan by global integration.

Sharekhan is a retail brokerage firm in India offering broking solutions to more than 1 million private clients.

This acquisition resulted in a EUR 0.4 billion increase of the Group balance sheet at the purchase date. The goodwill on Sharekhan amounts to EUR 93 million.

- **Operations realised in 2015**

- General Electric European Fleet Services business

Arval, the BNP Paribas subsidiary specialised in corporate vehicle leasing, purchased on 2 November 2015 the European Fleet Services business of General Electric Capital.

This acquisition strengthens significantly the strategic positioning of Arval in Europe, and leads to a EUR 2.7 billion increase of the Group's balance sheet. In particular, "Property, plant, equipment and intangible assets" rose by EUR 2.3 billion and debts "due to the credit institutions" by EUR 1.4 billion.

The goodwill on this operation amounts to EUR 210 million.

## 7.d MINORITY INTERESTS

### • Main minority interests

The assessment of the material nature of minority interests is based on the contribution of the relevant subsidiaries to the Group balance sheet (before elimination of intra-group balances and transactions) and to the Group profit and loss account.

|   | 31 December 2016  | Year to 31 Dec. 2016 |            |  |                                     |   |   |   |
|---|---|----------------------|------------|--|-------------------------------------|---|---|---|
|   | Total assets before elimination of intra-group transactions | Revenues             | Net income | Net income and changes in assets and liabilities recognised directly in equity | Minority shareholders' interest (%) | Net income attributable to minority interests | Net income and changes in assets and liabilities recognised directly in equity - attributable to minority interests | Dividends paid to minority shareholders |
| In millions of euros  |   |                      |            |  |                                     |   |   |   |
| Contribution of the entities belonging to the BGL BNP Paribas group | 69,985  | 1,504                | 554        | 532  | 34%                                 | 183   | 178   | 69                                      |
| Other minority interests  |   |                      |            |  |                                     | 230   | 207   | 45                                      |
| <b>TOTAL</b>  |   |                      |            |  |                                     | <b>413</b>                                    | <b>385</b>  | <b>114</b>                              |

|   | 31 December 2015  | Year to 31 Dec. 2015 |            |  |                                     |   |   |   |
|---|---|----------------------|------------|--|-------------------------------------|---|---|---|
|   | Total assets before elimination of intra-group transactions | Revenues             | Net income | Net income and changes in assets and liabilities recognised directly in equity | Minority shareholders' interest (%) | Net income attributable to minority interests | Net income and changes in assets and liabilities recognised directly in equity - attributable to minority interests | Dividends paid to minority shareholders |
| In millions of euros  |   |                      |            |  |                                     |   |   |   |
| Contribution of the entities belonging to the BGL BNP Paribas group | 67,485  | 1,534                | 463        | 453  | 34%                                 | 164   | 158   | 69                                      |
| Other minority interests  |   |                      |            |  |                                     | 186   | 182   | 62                                      |
| <b>TOTAL</b>  |   |                      |            |  |                                     | <b>350</b>                                    | <b>340</b>  | <b>131</b>                              |

There are no particular contractual restrictions on the assets of the BGL BNP Paribas Group related to the presence of the minority shareholder.

- **Internal restructuring that led to a change in minority shareholders' interest in the equity of subsidiaries**

No significant internal restructuring operation occurred during the year ended 31 December 2016, nor during the year ended 31 December 2015.

- **Acquisitions of additional interests and partial sales of interests leading to changes in minority interests in the equity of subsidiaries**

| In millions of euros   | 31 December 2016             |                    | 31 December 2015             |                    |
|--|------------------------------|--------------------|------------------------------|--------------------|
|  | Attributable to shareholders | Minority interests | Attributable to shareholders | Minority interests |
| <b>UkrSibbank Public Joint Stock</b>   |                              |                    |                              |                    |
| Sale of 40% of UkrSibbank's capital followed by a capital increase subscribed by all shareholders.                     | (102)                        | 34                 |                              |                    |
| <b>First Hawaiian Inc.</b>   |                              |                    |                              |                    |
| On 4 August 2016, Initial Public Offer on First Hawaiian Inc. for 17.39% of its capital at a 23-dollar price per share | 87                           | 460                |                              |                    |
| <b>Others</b>  | (17)                         |                    | (3)                          | (4)                |
| <b>Total</b>   | <b>(32)</b>                  | <b>494</b>         | <b>(3)</b>                   | <b>(4)</b>         |

- **Commitments to repurchase minority shareholders' interests**

In connection with the acquisition of certain entities, the Group granted minority shareholders put options on their holdings.

The total value of these commitments, which are recorded as a reduction in shareholders' equity, amounts to EUR 615 million at 31 December 2016, compared with EUR 707 million at 31 December 2015.

## **7.e SIGNIFICANT RESTRICTIONS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES**

### **Significant restrictions related to the ability of entities to transfer cash to the Group**

The ability of entities to pay dividends or to repay loans and advances depends, *inter alia*, on local regulatory requirements for capitalisation and legal reserves, as well as the entities' financial and operating performance. During 2015 and 2016, no BNP Paribas Group entity was subject to significant restrictions other than those related to regulatory requirements.

### **Significant restrictions relative to the Group's ability to use the assets lodged in consolidated structured entities**

Access to the assets of consolidated structured entities in which third-party investors have invested is limited inasmuch as these entities' assets are reserved for the holders of units or securities. These assets total EUR 20 billion as at 31 December 2016 (EUR 23 billion as at 31 December 2015).

### **Significant restrictions related to the Group's ability to use assets pledged as collateral or under repurchase agreements**

The financial instruments pledged by the BNP Paribas Group as collateral or under repurchase agreements are presented in notes 4.s and 5.c.

### **Significant restrictions related to liquidity reserves**

Significant restrictions related to liquidity reserves correspond to the mandatory deposits placed with central banks presented in chapter 5 of the registration document under "Liquidity risk".

### **Assets representative of unit-linked insurance contracts**

Assets representative of unit-linked insurance contracts designated as at fair value through profit or loss, which amount to EUR 54,291 million as at 31 December 2016 (compared with EUR 50,859 million as at 31 December 2015), are held for the benefit of the holders of these contracts.

## 7.f STRUCTURED ENTITIES

The BNP Paribas Group is engaged in transactions with sponsored structured entities mainly through its activities of securitisation of financial assets - as either originator or sponsor -, fund management and specialised asset financing.

In addition, the BNP Paribas Group is also engaged in transactions with structured entities that it has not sponsored, notably in the form of investments in funds or securitisation vehicles.

The method for assessing control for structured entities is detailed in Note 1.b.2. "Consolidation methods".

- **Consolidated structured entities**

The main categories of consolidated structured entities are:

**ABCP (Asset-Backed Commercial Paper) conduits:** the ABCP securitisation conduits Starbird, Matchpoint and Scaldis fund securitisation transactions managed by the BNP Paribas Group on behalf of its customers. Details on how these are financed and the Group's risk exposure are presented in Chapter 5 of the Registration Document under "Securitisation as sponsor on behalf of clients / Short-term refinancing".

**Proprietary securitisation:** proprietary securitisation positions originated and held by the BNP Paribas Group are detailed in Chapter 5 of the Registration Document under "Proprietary securitisation activities (originator)".

**Funds managed by the Group:** the BNP Paribas Group structures different types of funds for which it may act as fund manager, investor, custodian or guarantor. These funds are consolidated when the Group is both the manager and a significant investor, and is therefore exposed to variable returns.

- **Unconsolidated structured entities**

The BNP Paribas Group has entered into relations with unconsolidated structured entities in the course of its business activities to meet the needs of its customers.

### **Information relative to interests in sponsored structured entities**

The main categories of unconsolidated sponsored structured entities are as follows:

**Securitisation:** the BNP Paribas Group structures securitisation vehicles for the purposes of offering customers financing solutions for their assets, either directly or through consolidated ABCP conduits. Each vehicle finances the purchase of customers' assets (receivables, bonds, etc.) primarily by issuing bonds backed by these assets and whose redemption is linked to their performance.

**Funds:** the Group structures and manages funds to offer investment opportunities to its customers. Dedicated or public funds are offered to institutional and individual customers, and are distributed and commercially monitored by the BNP Paribas Group. The entities of the BNP Paribas Group responsible for managing these funds may receive management fees and performance commission. The BNP Paribas Group may hold units in these funds, as well as units in funds dedicated to the insurance activity not managed by the BNP Paribas Group.

**Asset financing:** the BNP Paribas Group finances structured entities that acquire assets (aircraft, ships, etc.) intended for lease, and the lease payments received by the structured entity are used to repay the financing, which is guaranteed by the asset held by the structured entity.



**Other:** on behalf of its customers, the Group may also structure entities which invest in assets or are involved in debt restructuring.

An interest in an unconsolidated structured entity is a contractual or non-contractual link that exposes the BNP Paribas Group to variable returns from the performance of the entity.

The Group's assets and liabilities related to the interests held in sponsored structured entities are as follows:

| In millions of euros, at 31 December 2016                                     | Securitisation | Funds          | Asset Financing | Others       | Total          |
|---|----------------|----------------|-----------------|--------------|----------------|
| <b>INTERESTS ON THE GROUP BALANCE SHEET</b>                                   |                |                |                 |              |                |
| <b>ASSETS</b>   |                |                |                 |              |                |
| Trading book  | 320            | 536            | 151             | 1,959        | 2,966          |
| Instruments designated as at fair value through profit or loss <sup>(1)</sup> |                | 24,118         | 10              | 73           | 24,201         |
| Available-for-sale financial assets   | 11             | 3,540          | 188             | 549          | 4,288          |
| Loans and receivables   | 11,702         | 305            | 14,403          | 97           | 26,507         |
| Other assets  | 12             | 182            | 3               | 1            | 198            |
| <b>TOTAL ASSETS</b>   | <b>12,045</b>  | <b>28,681</b>  | <b>14,755</b>   | <b>2,679</b> | <b>58,160</b>  |
| <b>LIABILITIES</b>  |                |                |                 |              |                |
| Trading book  | 117            | 447            | 37              | 2,359        | 2,960          |
| Instruments designated as at fair value through profit or loss                |                | 16             |                 | 31           | 47             |
| Financial liabilities carried at amortised cost                               | 1,035          | 20,445         | 1,130           | 1,889        | 24,499         |
| Other liabilities   |                | 284            | 92              | 11           | 387            |
| <b>TOTAL LIABILITIES</b>  | <b>1,152</b>   | <b>21,192</b>  | <b>1,259</b>    | <b>4,290</b> | <b>27,893</b>  |
| <b>MAXIMUM EXPOSURE TO LOSS</b>   | <b>15,346</b>  | <b>29,478</b>  | <b>17,451</b>   | <b>3,202</b> | <b>65,477</b>  |
| <b>SIZE OF STRUCTURED ENTITIES <sup>(2)</sup></b>                             |                |                |                 |              |                |
|   | <b>66,826</b>  | <b>292,783</b> | <b>45,764</b>   | <b>6,140</b> | <b>411,513</b> |

| In millions of euros, at 31 December 2015                                     | Securitisation | Funds          | Asset Financing | Others        | Total          |
|---|----------------|----------------|-----------------|---------------|----------------|
| <b>INTERESTS ON THE GROUP BALANCE SHEET</b>                                   |                |                |                 |               |                |
| <b>ASSETS</b>   |                |                |                 |               |                |
| Trading book  | 447            | 681            | 190             | 1,843         | 3,161          |
| Instruments designated as at fair value through profit or loss <sup>(1)</sup> |                | 25,587         | 18              | 68            | 25,673         |
| Available-for-sale financial assets   |                | 2,990          | 145             | 388           | 3,523          |
| Loans and receivables   | 10,974         | 86             | 13,431          | 166           | 24,657         |
| Other assets  | 9              | 441            | 8               | 3             | 461            |
| <b>TOTAL ASSETS</b>   | <b>11,430</b>  | <b>29,785</b>  | <b>13,792</b>   | <b>2,468</b>  | <b>57,475</b>  |
| <b>LIABILITIES</b>  |                |                |                 |               |                |
| Trading book  | 1,107          | 633            | 13              | 2,910         | 4,663          |
| Instruments designated as at fair value through profit or loss                |                | 26             |                 | 18            | 44             |
| Financial liabilities carried at amortised cost                               | 769            | 18,782         | 667             | 1,868         | 22,086         |
| Other liabilities   | 24             | 327            | 36              | 20            | 407            |
| <b>TOTAL LIABILITIES</b>  | <b>1,900</b>   | <b>19,768</b>  | <b>716</b>      | <b>4,816</b>  | <b>27,200</b>  |
| <b>MAXIMUM EXPOSURE TO LOSS</b>   | <b>15,427</b>  | <b>30,157</b>  | <b>16,016</b>   | <b>2,899</b>  | <b>64,499</b>  |
| <b>SIZE OF STRUCTURED ENTITIES <sup>(2)</sup></b>                             | <b>90,737</b>  | <b>241,915</b> | <b>48,478</b>   | <b>11,083</b> | <b>392,213</b> |

- (1) of which EUR 14,185 million representative of unit-linked insurance contracts as at 31 December 2016, invested in funds managed by the BNP Paribas Group (EUR 16,981 million as at 31 December 2015).
- (2) the size of sponsored structured entities equals the total assets of the structured entity for securitisation vehicles, the net asset value for funds (excluding management mandates) and the structured entity's total assets or the amount of the BNP Paribas Group's commitment for asset financing and other structures.

The BNP Paribas Group's maximum exposure to losses on sponsored structured entities is the carrying amount of the assets, excluding, for available-for-sale financial assets, changes in value taken directly to equity, as well as the nominal amount of the financing commitments and guarantee commitments given and the notional amount of credit default swaps (CDS) sold.

### Information relative to interests in non-sponsored structured entities

The main interests held by the BNP Paribas Group when it acts solely as an investor in non-sponsored structured entities are detailed below:

- *Units in funds that are not managed by the Group, which are held by the Insurance business line:* as part of the asset allocation strategy corresponding to investments related to the premiums for unit-linked contracts or for the general fund, the Insurance business line subscribes to units of structured entities. These short- or medium-term investments are held for their financial performance and meet the risk diversification criteria inherent to the business. They amounted to EUR 32 billion as at 31 December 2016 (EUR 30 billion as at 31 December 2015). Changes in value and the majority of the risks associated with these investments are borne by policyholders in the case of assets representative of unit-linked contracts, and by the insurer in the case of assets representative of the general fund;
- *Other investments in funds not managed by the Group:* as part of its trading business, the BNP Paribas Group invests in structured entities without any involvement in either managing or structuring these entities (investments in mutual funds, securities funds or alternative funds), particularly as economic hedge for structured products sold to customers. The Group also invests in minority holdings in support of companies as part of its venture capital business. These investments amounted to EUR 11 billion as at 31 December 2016 (unchanged from 31 December 2015).
- *Investments in securitisation vehicles:* the breakdown of the Group's exposure and the nature of the securities held are presented in Chapter 5 of the Registration Document in the section "Securitisation as investor".

## 7.g COMPENSATION AND BENEFITS AWARDED TO THE GROUP'S CORPORATE OFFICERS

The remuneration and benefits policy relating to the Group's corporate officers, as well as the detailed information on an individual basis, are presented in chapter 2 Corporate Governance of the registration document.

### • Remuneration and benefits awarded to the Group's corporate officers

|   | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|----------------------|----------------------|
| <b>Gross remuneration, including Directors' fees and benefits in kind</b>             |                      |                      |
| - payable for the year  | €6,350,378           | €6,484,552           |
| - paid during the year  | €6,227,427           | €4,761,620           |
| <b>Post-employment benefits</b>   |                      |                      |
| Retirement bonuses: present value of the benefit obligation (payroll taxes excluded)  | €243,574             | €210,272             |
| Defined contribution pension plan : contributions paid by BNP Paribas during the year | €1,274               | €1,395               |
| <b>Welfare benefits:</b> premiums paid by BNP Paribas during the year                 | €8,914               | €10,284              |
| <b>Share-based payments</b>   |                      |                      |
| Stock subscription options  |                      |                      |
| - value of stock options granted during the year                                      | Nil                  | Nil                  |
| - number of options held at 31 December   | 107,854              | 321,193              |
| Performance shares  |                      |                      |
| - value of shares granted during the year   | Nil                  | Nil                  |
| - number of shares held at 31 December  | Nil                  | Nil                  |
| Long-term compensation  |                      |                      |
| - fair value at grant date (*)  | €1,272,417           | €557,760             |

(\*) Valuation according to the method described in note 1.i.

As at 31 December 2016, no corporate officer is eligible to a contingent collective defined-benefit top-up pension plan.

### • Directors' fees paid to members of the board of directors

The directors' fees paid in 2016 to all members of the Board of Directors amount to EUR 1,300,000, compared with EUR 974,999 paid in 2015. The amount paid in 2016 to members other than corporate officers was EUR 1,183,190, compared with EUR 880,257 in 2015.

### • Remuneration and benefits awarded to directors representing the employees

| In euros   | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|--|----------------------|----------------------|
| Gross remuneration paid during the year  | 77,471               | 76,660               |
| Directors' fees (paid to the trade unions)   | 176,588              | 117,557              |
| Premiums paid by BNP Paribas during the year into schemes related to Garantie Vie Professionnelle Accidents benefits and healthcare expense coverage | 1,512                | 1,366                |
| Contributions paid by BNP Paribas during the year into the defined-contribution plan   | 670                  | 672                  |

### • Loans, advances and guarantees granted to the Group's corporate officers

At 31 December 2016, the total outstanding loans granted directly or indirectly to the Group's corporate officers and their spouses amounted to EUR 1,197,628 (EUR 1,045,637 at 31 December 2015). These loans representing normal transactions were carried out on an arm's length basis.

## 7.h OTHER RELATED PARTIES

Other related parties of the BNP Paribas Group comprise consolidated companies (including entities consolidated under the equity method) and entities managing post-employment benefit plans offered to Group employees (except for multi-employer and multi-industry schemes).

Transactions between the BNP Paribas Group and related parties are carried out on an arm's length basis.

### RELATIONS BETWEEN CONSOLIDATED COMPANIES

A list of companies consolidated by the BNP Paribas Group is provided in note 7.j "Scope of consolidation". Transactions and outstanding balances between fully-consolidated entities are eliminated. The tables below show transactions with entities accounted for under the equity method.

#### • Outstanding balances of related-party transactions:

|  | 31 December 2016 |                           | 31 December 2015 |                           |
|--|------------------|---------------------------|------------------|---------------------------|
|  | Joint ventures   | Associates <sup>(1)</sup> | Joint ventures   | Associates <sup>(1)</sup> |
| <b>In millions of euros</b>                            |                  |                           |                  |                           |
| <b>ASSETS</b>  |                  |                           |                  |                           |
| <b>Loans, advances and securities</b>                  |                  |                           |                  |                           |
| On demand accounts                                     | 1                | 51                        |                  | 101                       |
| Loans  | 4,302            | 3,098                     | 4,156            | 3,585                     |
| Securities   | 991              |                           | 1,102            | 2                         |
| <b>Securities held in the non-trading portfolio</b>    | <b>14</b>        | <b>-</b>                  | <b>19</b>        | <b>56</b>                 |
| <b>Other assets</b>                                    | <b>3</b>         | <b>235</b>                | <b>10</b>        | <b>258</b>                |
| <b>Total</b>   | <b>5,311</b>     | <b>3,384</b>              | <b>5,287</b>     | <b>4,002</b>              |
| <b>LIABILITIES</b>                                     |                  |                           |                  |                           |
| <b>Deposits</b>  |                  |                           |                  |                           |
| On demand accounts                                     | 94               | 774                       | 225              | 403                       |
| Other borrowings                                       | 195              | 2,431                     | 45               | 2,575                     |
| <b>Other liabilities</b>                               | <b>23</b>        | <b>81</b>                 | <b>19</b>        | <b>78</b>                 |
| <b>Total</b>   | <b>312</b>       | <b>3,286</b>              | <b>289</b>       | <b>3,056</b>              |
| <b>FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS</b> |                  |                           |                  |                           |
| <b>Financing commitments given</b>                     | <b>3,607</b>     | <b>1,153</b>              | <b>2,781</b>     | <b>2,162</b>              |
| <b>Guarantee commitments given</b>                     | <b>1</b>         | <b>39</b>                 | <b>2</b>         | <b>77</b>                 |
| <b>Total</b>   | <b>3,608</b>     | <b>1,192</b>              | <b>2,783</b>     | <b>2,239</b>              |

<sup>(1)</sup> Including controlled but non material entities consolidated under the equity method.

The Group also carries out trading transactions with related parties involving derivatives (swaps, options and forwards, etc.) and financial instruments purchased or underwritten and issued by them (equities, bonds, etc.).

- **Related-party profit and loss items:**

| In millions of euros | Year to 31 Dec. 2016 |                           | Year to 31 Dec. 2015 |                           |
|----------------------|----------------------|---------------------------|----------------------|---------------------------|
|                      | Joint ventures       | Associates <sup>(1)</sup> | Joint ventures       | Associates <sup>(1)</sup> |
| Interest income      | 28                   | 43                        | 38                   | 74                        |
| Interest expense     | (2)                  | (16)                      |                      | (24)                      |
| Commission income    | 4                    | 459                       | 4                    | 509                       |
| Commission expense   | (8)                  | (44)                      | (4)                  | (45)                      |
| Services provided    | 1                    | 9                         | 1                    | 22                        |
| Services received    |                      | (6)                       |                      | (26)                      |
| Lease income         |                      | 12                        |                      | 7                         |
| <b>Total</b>         | <b>23</b>            | <b>457</b>                | <b>39</b>            | <b>517</b>                |

<sup>(1)</sup> Including controlled but non material entities consolidated under the equity method.

#### GROUP ENTITIES MANAGING CERTAIN POST-EMPLOYMENT BENEFIT PLANS OFFERED TO GROUP EMPLOYEES

In Belgium, BNP Paribas Fortis funds a number of pension schemes managed by AG Insurance in which the BNP Paribas Group has a 25% equity interest.

In other countries, post-employment benefit plans are generally managed by independent fund managers or independent insurance companies, and occasionally by Group companies (in particular BNP Paribas Asset Management, BNP Paribas Cardif, Bank of the West and First Hawaiian Bank). In Switzerland, a dedicated foundation manages pension plans for BNP Paribas Switzerland's employees.

At 31 December 2016, the value of plan assets managed by Group companies or by companies over which the Group exercises significant influence was EUR 3,883 million (EUR 3,884 million as at 31 December 2015). Amounts received by Group companies in the year to 31 December 2016 totalled EUR 4.3 million, and were mainly composed of management and custody fees (unchanged compared with 2015).

## 7.i FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTISED COST

The information supplied in this note must be used and interpreted with the greatest caution for the following reasons:

- These fair values are an estimate of the value of the relevant instruments as at 31 December 2016. They are liable to fluctuate from day to day as a result of changes in various parameters, such as interest rates and credit quality of the counterparty. In particular, they may differ significantly from the amounts actually received or paid on maturity of the instrument. In most cases, the fair value is not intended to be realised immediately, and in practice might not be realised immediately. Consequently, this fair value does not reflect the actual value of the instrument to BNP Paribas as a going concern;
- Most of these fair values are not meaningful, and hence are not taken into account in the management of the commercial banking activities which use these instruments;
- Estimating a fair value for financial instruments carried at historical cost often requires the use of modelling techniques, hypotheses and assumptions that may vary from bank to bank. This means that comparisons between the fair values of financial instruments carried at historical cost as disclosed by different banks may not be meaningful;
- The fair values shown below do not include the fair values of finance lease transactions, non-financial instruments such as property, plant and equipment, goodwill and other intangible assets such as the value attributed to demand deposit portfolios or customer relationships. Consequently, these fair values should not be regarded as the actual contribution of the instruments concerned to the overall valuation of the BNP Paribas Group.

| In millions of euros<br>31 December 2016                           | Estimated fair value |         |         |         | Carrying value |
|--|----------------------|---------|---------|---------|----------------|
|  | Level 1              | Level 2 | Level 3 | Total   |                |
| FINANCIAL ASSETS   |                      |         |         |         |                |
| Loans and receivables due from credit institutions (note 4.f)      |                      | 47,401  | 7       | 47,408  | 47,411         |
| Loans and receivables due from customers (note 4.g) <sup>(1)</sup> | 605                  | 45,873  | 653,971 | 700,449 | 684,669        |
| Held-to-maturity financial assets (note 4.i)                       | 7,029                | 39      |         | 7,068   | 6,100          |
| FINANCIAL LIABILITIES  |                      |         |         |         |                |
| Due to credit institutions (note 4.f)                              |                      | 75,541  |         | 75,541  | 75,660         |
| Due to customers (note 4.g)  |                      | 766,904 |         | 766,904 | 765,953        |
| Debt securities (note 4.i)   | 52,420               | 102,317 |         | 154,737 | 153,422        |
| Subordinated debt (note 4.i)                                       | 9,098                | 9,227   |         | 18,325  | 18,374         |

<sup>(1)</sup> Finance leases excluded

| In millions of euros,<br>at 31 December 2015                       | Estimated fair value |         |         |         | Carrying value |
|--|----------------------|---------|---------|---------|----------------|
|  | Level 1              | Level 2 | Level 3 | Total   |                |
| FINANCIAL ASSETS   |                      |         |         |         |                |
| Loans and receivables due from credit institutions (note 4.f)      |                      | 43,337  | 45      | 43,382  | 43,427         |
| Loans and receivables due from customers (note 4.g) <sup>(1)</sup> | 694                  | 50,272  | 615,589 | 666,555 | 655,898        |
| Held-to-maturity financial assets (note 4.j)                       | 8,866                | 152     |         | 9,018   | 7,757          |
| FINANCIAL LIABILITIES  |                      |         |         |         |                |
| Due to credit institutions (note 4.f)                              |                      | 84,386  |         | 84,386  | 84,146         |
| Due to customers (note 4.g)  |                      | 701,207 |         | 701,207 | 700,309        |
| Debt securities (note 4.i)   | 50,334               | 110,580 |         | 160,914 | 159,447        |
| Subordinated debt (note 4.i)                                       | 8,281                | 8,061   |         | 16,342  | 16,544         |

<sup>(1)</sup> Finance leases excluded

The valuation techniques and assumptions used by BNP Paribas ensure that the fair value of financial assets and liabilities carried at amortised cost is measured on a consistent basis throughout the Group. Fair value is based on prices quoted in an active market when these are available. In other cases, fair value is determined using valuation techniques such as discounting of estimated future cash flows for loans, liabilities and held-to-maturity financial assets, or specific valuation models for other financial instruments as described in note 1, "Summary of significant accounting policies applied by the BNP Paribas Group". The description of the fair value hierarchy levels is also presented in the accounting principles (note 1.c.10). In the case of loans, liabilities and held-to-maturity financial assets that have an initial maturity of less than one year (including demand deposits) or of most regulated savings products, fair value equates to carrying amount. These instruments have been classified in Level 2, except for loans to customers, which are classified in Level 3.

## 7.j SCOPE OF CONSOLIDATION

|  |                      | 31 December 2016 |            |              |        | 31 December 2015 |            |              |        |        |
|--|----------------------|------------------|------------|--------------|--------|------------------|------------|--------------|--------|--------|
| Name   | Country              | Method           | Voting (%) | Interest (%) | Ref.   | Method           | Voting (%) | Interest (%) | Ref.   |        |
| BNP Paribas SA                                     | France               |                  |            |              |        |                  |            |              |        |        |
| BNPP SA (Argentina branch)                         | Argentina            | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Australia branch)                         | Australia            | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Bahrain branch)                           | Bahrain              | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Belgium branch)                           | Belgium              | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Bulgaria branch)                          | Bulgaria             | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Canada branch)                            | Canada               | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Cayman Islands branch)                    | Cayman Islands       | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Germany branch)                           | Germany              | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Hong Kong branch)                         | Hong Kong            | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Hungary branch)                           | Hungary              | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (India branch)                             | India                | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Ireland branch)                           | Ireland              | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Italy branch)                             | Italy                | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Japan branch)                             | Japan                | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Jersey branch)                            | Jersey               | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Kuwait branch)                            | Kuwait               | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Luxembourg branch)                        | Luxembourg           | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Malaysia branch)                          | Malaysia             | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Monaco branch)                            | Monaco               | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Netherlands branch)                       | Netherlands          | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Norway branch)                            | Norway               |                  |            |              |        |                  |            |              | S1     |        |
| BNPP SA (Panama branch)                            | Panama               | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Philippines branch)                       | Philippines          | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Poland branch)                            | Poland               | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Portugal branch)                          | Portugal             | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Qatar branch)                             | Qatar                | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Republic of Korea branch)                 | Rep. of Korea        | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Saudi Arabia branch)                      | Saudi Arabia         | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Singapore branch)                         | Singapore            | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (South Africa branch)                      | South Africa         | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Spain branch)                             | Spain                | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Taiwan branch)                            | Taiwan               | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Thailand branch)                          | Thailand             | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (UK branch)                                | UK                   | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (United Arab Emirates branch)              | United Arab Emirates | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (USA branch)                               | USA                  | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP SA (Viet Nam branch)                          | Viet Nam             | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| Retail Banking & Services                          |                      |                  |            |              |        |                  |            |              |        |        |
| Domestic Markets                                   |                      |                  |            |              |        |                  |            |              |        |        |
| Retail Banking - France                            |                      |                  |            |              |        |                  |            |              |        |        |
| Banque de Wallis et Futuna                         | France               | Full             | (1)        | 51.0%        | 51.0%  |                  | Full       | (1)          | 51.0%  | 51.0%  |
| BNPP Antilles Guyane (Ex- BNPP Martinique)         | France               | Full             | (1)        | 100.0%       | 100.0% |                  | Full       | (1)          | 100.0% | 100.0% |
| BNPP Developpement                                 | France               | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |        |
| BNPP Fador   | France               | Full             | (1)        | 100.0%       | 100.0% |                  | Full       | (1)          | 100.0% | 100.0% |
| BNPP Fador (Spain branch)                          | Spain                | Full             | (1)        | 100.0%       | 100.0% |                  | Full       | (1)          | 100.0% | 100.0% |
| BNPP Fador AS                                      | Denmark              | Equity *         |            | 100.0%       | 99.9%  | Equity *         |            | 100.0%       | 99.9%  | E1     |
| BNPP Fador Portugal                                | Portugal             | Full             | 100.0%     | 100.0%       |        |                  |            | 100.0%       | 100.0% |        |
| BNPP Guadeloupe                                    | France               |                  |            |              | S4     | Full             | (1)        | 100.0%       | 100.0% |        |
| BNPP Guyane  | France               |                  |            |              | S4     | Full             | (1)        | 100.0%       | 100.0% |        |
| BNPP Nouvelle Calédonie                            | France               | Full             | (1)        | 100.0%       | 100.0% |                  | Full       | (1)          | 100.0% | 100.0% |
| BNPP Réunion                                       | France               | Full             | (1)        | 100.0%       | 100.0% |                  | Full       | (1)          | 100.0% | 100.0% |
| Portparc Société de Bourse                         | France               | Full             | (1)        | 51.0%        | 51.0%  |                  | Full       | (1)          | 51.0%  | 51.0%  |
| Société Alsacienne de Développement et d'Expansion | France               |                  |            |              | S4     | Full             |            | 100.0%       | 65.9%  |        |
| Retail Banking - Belgium                           |                      |                  |            |              |        |                  |            |              |        |        |
| Alpha Card SCRL                                    | Belgium              | Equity           |            | 50.0%        | 50.0%  |                  | Equity     |              | 50.0%  | 50.0%  |
| Belgian Mobile Wallet                              | Belgium              |                  |            |              | S3     | Equity           |            | 20.0%        | 20.0%  | V3     |
| BNPP Commercial Finance Ltd                        | UK                   | Full             | 100.0%     | 99.9%        |        | Full             | 100.0%     | 99.9%        |        |        |
| BNPP Fador Deutschland BV                          | Netherlands          | Full             | 100.0%     | 99.9%        |        | Full             | 100.0%     | 99.9%        |        |        |
| BNPP Fador GmbH                                    | Germany              | Full             | 100.0%     | 99.9%        |        | Full             | 100.0%     | 99.9%        |        |        |
| BNPP Factoring Coverage Europe Holding NV          | Netherlands          | Full             | 100.0%     | 99.9%        |        | Full             | 100.0%     | 99.9%        |        |        |
| BNPP Fortis  | Belgium              | Full             | 99.9%      | 99.9%        |        | Full             | 99.9%      | 99.9%        |        |        |
| BNPP Fortis (Austria branch)                       | Austria              | Full             | 100.0%     | 99.9%        |        | Full             | 100.0%     | 99.9%        |        |        |
| BNPP Fortis (Cayman Islands branch)                | Cayman Islands       |                  |            |              |        |                  |            |              |        | S1     |
| BNPP Fortis (Czech Republic branch)                | Czech Republic       | Full             | 100.0%     | 99.9%        |        | Full             | 100.0%     | 99.9%        |        |        |
| BNPP Fortis (Denmark branch)                       | Denmark              | Full             | 100.0%     | 99.9%        |        | Full             | 100.0%     | 99.9%        |        |        |
| BNPP Fortis (Finland branch)                       | Finland              | Full             | 100.0%     | 99.9%        |        | Full             | 100.0%     | 99.9%        |        |        |
| BNPP Fortis (Germany branch)                       | Germany              |                  |            |              | S1     | Full             | 100.0%     | 99.9%        |        |        |
| BNPP Fortis (Netherlands branch)                   | Netherlands          | Full             | 100.0%     | 99.9%        |        | Full             | 100.0%     | 99.9%        |        |        |
| BNPP Fortis (Norway branch)                        | Norway               | Full             | 100.0%     | 99.9%        |        | Full             | 100.0%     | 99.9%        |        |        |
| BNPP Fortis (Romania branch)                       | Romania              | Full             | 100.0%     | 99.9%        |        | Full             | 100.0%     | 99.9%        |        |        |
| BNPP Fortis (Spain branch)                         | Spain                | Full             | 100.0%     | 99.9%        |        | Full             | 100.0%     | 99.9%        |        |        |
| BNPP Fortis (Sweden branch)                        | Sweden               | Full             | 100.0%     | 99.9%        |        | Full             | 100.0%     | 99.9%        |        |        |
| BNPP Fortis (UK branch)                            | UK                   |                  |            |              |        |                  |            |              |        | S1     |
| BNPP Fortis (USA branch)                           | USA                  | Full             | 100.0%     | 99.9%        |        | Full             | 100.0%     | 99.9%        |        |        |
| BNPP Fortis Fador NV                               | Belgium              | Full             | 100.0%     | 99.9%        |        | Full             | 100.0%     | 99.9%        |        |        |
| BNPP Fortis Funding SA                             | Luxembourg           | Full             | 100.0%     | 99.9%        |        | Full             | 100.0%     | 99.9%        |        |        |
| Bpost banque                                       | Belgium              | Equity           | (3)        | 50.0%        | 50.0%  | Equity           | (3)        | 50.0%        | 50.0%  |        |
| Demetris NV  | Belgium              | Equity *         |            | 100.0%       | 99.9%  | Equity *         |            | 100.0%       | 99.9%  |        |
| Immobilier Souverain SA                            | Belgium              | Equity *         |            | 100.0%       | 99.9%  | Equity *         |            | 100.0%       | 99.9%  |        |
| Structured Entities                                |                      |                  |            |              |        |                  |            |              |        |        |
| BASS Master Issuer NV                              | Belgium              | Full             | -          | -            |        | Full             | -          | -            |        |        |
| Emblex Master Issuer                               | Belgium              | Full             | -          | -            |        | Full             | -          | -            |        |        |

|  |                | 31 December 2016 |            |              |        | 31 December 2015 |            |              |        |
|--|----------------|------------------|------------|--------------|--------|------------------|------------|--------------|--------|
| Name   | Country        | Method           | Voting (%) | Interest (%) | Ref.   | Method           | Voting (%) | Interest (%) | Ref.   |
| Retail Banking - Luxembourg  |                |                  |            |              |        |                  |            |              |        |
| BGL BNPP   | Luxembourg     | Full             | 66.0%      | 65.9%        |        | Full             | 66.0%      | 65.9%        |        |
| BGL BNPP (Germany branch)  | Germany        | Full             | 100.0%     | 65.9%        |        | Full             | 100.0%     | 65.9%        |        |
| BGL BNPP Factor SA   | Luxembourg     |                  |            |              | S4     | Full             | 100.0%     | 65.9%        |        |
| BNPP Lease Group Luxembourg SA   | Luxembourg     | Full             | 100.0%     | 65.9%        |        | Full             | 100.0%     | 65.9%        |        |
| Cofylux SA   | Luxembourg     | Full             | 100.0%     | 65.9%        |        | Full             | 100.0%     | 65.9%        |        |
| Structured Entities  |                |                  |            |              |        |                  |            |              |        |
| Société Immobilière de Montreux SA   | Luxembourg     |                  |            |              | S2     | Full             | -          | -            |        |
| Retail Banking - Italy (BNL Banca Commerciale)                               |                |                  |            |              |        |                  |            |              |        |
| Artigianessa SPA   | Italy          | Full             | 73.9%      | 73.9%        |        | Full             | 73.9%      | 73.9%        |        |
| Banca Nazionale del Lavoro SPA   | Italy          | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| BNL Finance SPA  | Italy          | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| BNL Positivity SRL   | Italy          | Full             | 100.0%     | 100.0%       | V1     | Full             | 51.0%      | 51.0%        |        |
| Business Partners Italia SCPA  | Italy          | Full             | 99.9%      | 99.8%        | V3     | Full             | 100.0%     | 99.9%        | V3     |
| International Factors Italia SPA - Italia                                    | Italy          | Full             | 99.7%      | 99.7%        |        | Full             | 99.7%      | 99.7%        |        |
| Servizio Italia SPA  | Italy          | Equity *         | 100.0%     | 100.0%       | E1     |                  |            |              |        |
| Sviluppo HQ Tbsurina SRL   | Italy          | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| Structured Entities  |                |                  |            |              |        |                  |            |              |        |
| EMF-IT 2008-1 SRL  | Italy          | Full             | -          | -            |        | Full             | -          | -            |        |
| Tierce Securitisation SRL  | Italy          | Full             | -          | -            | E2     |                  |            |              |        |
| Vela ABS SRL   | Italy          | Full             | -          | -            |        | Full             | -          | -            |        |
| Vela Consumer SRL  | Italy          | Full             | -          | -            |        | Full             | -          | -            | E2     |
| Vela Home SRL  | Italy          | Full             | -          | -            |        | Full             | -          | -            |        |
| Vela Mortgages SRL   | Italy          | Full             | -          | -            |        | Full             | -          | -            |        |
| Vela OBG SRL   | Italy          | Full             | -          | -            |        | Full             | -          | -            |        |
| Vela Public Sector SRL   | Italy          |                  |            |              | S3     | Full             | -          | -            |        |
| Vela RMBS SRL  | Italy          | Full             | -          | -            |        | Full             | -          | -            |        |
| Avial  |                |                  |            |              |        |                  |            |              |        |
| Avial  | France         | Equity *         | 100.0%     | 99.9%        | V3     | Equity *         | 100.0%     | 100.0%       | E1     |
| Avial AB   | Sweden         | Equity *         | 100.0%     | 99.9%        | V3     | Equity *         | 100.0%     | 100.0%       | E2     |
| Avial AS   | Denmark        | Equity *         | 100.0%     | 99.9%        | V3     | Equity *         | 100.0%     | 100.0%       |        |
| Avial Austria GmbH   | Austria        | Equity *         | 100.0%     | 99.9%        | V3     | Equity *         | 100.0%     | 100.0%       |        |
| Avial Belgium SA   | Belgium        | Full             | 100.0%     | 99.9%        | V3     | Full             | 100.0%     | 100.0%       |        |
| Avial Benelux BV   | Netherlands    | Full             | 100.0%     | 99.9%        | V3     | Full             | 100.0%     | 100.0%       |        |
| Avial Brasil Ltda  | Brazil         | Full             | 100.0%     | 99.9%        | V3     | Full             | 100.0%     | 100.0%       |        |
| Avial BV   | Netherlands    | Full             | 100.0%     | 99.9%        | V3     | Full             | 100.0%     | 100.0%       |        |
| Avial CZ SRO   | Czech Republic | Full             | 100.0%     | 99.9%        | V3     | Full             | 100.0%     | 100.0%       |        |
| Avial Deutschland GmbH   | Germany        | Full             | 100.0%     | 99.9%        | V3     | Full             | 100.0%     | 100.0%       |        |
| Avial ECL  | France         |                  |            |              |        |                  |            |              | S4     |
| Avial Fleet Services (Ex- GE Capital Fleet Services Fr)                      | France         | Full             | 100.0%     | 99.9%        | V3     | Full             | 100.0%     | 100.0%       | E3     |
| Avial Fleet Services BV (Ex- GE Fleet Services BV Netherlands)               | Netherlands    | Full             | 100.0%     | 99.9%        | V3     | Full             | 100.0%     | 100.0%       | E3     |
| Avial Hellas Car Rental SA   | Greece         | Equity *         | 100.0%     | 99.9%        | V3     | Equity *         | 100.0%     | 100.0%       |        |
| Avial India Private Ltd  | India          | Equity *         | 100.0%     | 99.9%        | V3     | Equity *         | 100.0%     | 100.0%       |        |
| Avial Italy Fleet Services SRL   | Italy          | Full             | 100.0%     | 99.9%        | V3     | Full             | 100.0%     | 100.0%       | E3     |
| Avial Jubong (Ex- Avial China Co Ltd)  | China          | Equity           | 40.0%      | 40.0%        | V3     | Equity           | 40.0%      | 40.0%        | V3     |
| Avial Luxembourg SA  | Luxembourg     | Equity *         | 100.0%     | 99.9%        | V3     | Equity *         | 100.0%     | 100.0%       |        |
| Avial Magyarorszag KFT   | Hungary        | Equity *         | 100.0%     | 99.9%        | V3     | Equity *         | 100.0%     | 100.0%       |        |
| Avial Maroc SA   | Morocco        | Equity *         | 100.0%     | 89.0%        | V3     | Equity *         | 100.0%     | 88.9%        | V3     |
| Avial OOO  | Russia         | Full             | 100.0%     | 99.9%        | V3     | Full             | 100.0%     | 100.0%       |        |
| Avial Oy   | Finland        | Equity *         | 100.0%     | 99.9%        | V3     | Equity *         | 100.0%     | 100.0%       |        |
| Avial Schweiz AG   | Switzerland    | Equity *         | 100.0%     | 99.9%        | V3     | Equity *         | 100.0%     | 100.0%       |        |
| Avial Service Lease  | France         | Full             | 100.0%     | 99.9%        | V3     | Full             | 100.0%     | 100.0%       |        |
| Avial Service Lease Aluger Operacional Automoveis SA                         | Portugal       | Equity *         | 100.0%     | 99.9%        | V3     | Equity *         | 100.0%     | 100.0%       |        |
| Avial Service Lease Italia SPA   | Italy          | Full             | 100.0%     | 99.9%        | V3     | Full             | 100.0%     | 100.0%       |        |
| Avial Service Lease Polska SP ZOO  | Poland         | Full             | 100.0%     | 99.9%        | V3     | Full             | 100.0%     | 100.0%       |        |
| Avial Service Lease Romania SRL  | Romania        | Equity *         | 100.0%     | 99.9%        | V3     | Equity *         | 100.0%     | 100.0%       |        |
| Avial Service Lease SA   | Spain          | Full             | 100.0%     | 99.9%        | V3     | Full             | 100.0%     | 100.0%       |        |
| Avial Slovakia   | Slovakia       | Equity *         | 100.0%     | 99.9%        | V3     | Equity *         | 100.0%     | 100.0%       |        |
| Avial Trading  | France         | Equity *         | 100.0%     | 99.9%        | V3     | Equity *         | 100.0%     | 100.0%       |        |
| Avial UK Group Ltd   | UK             | Full             | 100.0%     | 99.9%        | V3     | Full             | 100.0%     | 100.0%       |        |
| Avial UK Leasing Services Ltd (Ex- GE Commercial Finance Fleet Services Ltd) | UK             | Full             | 100.0%     | 99.9%        | V3     | Full             | 100.0%     | 100.0%       | E3     |
| Avial UK Ltd   | UK             | Full             | 100.0%     | 99.9%        | V3     | Full             | 100.0%     | 100.0%       |        |
| Autvalley  | France         |                  |            |              |        |                  |            |              | S4     |
| BNPP Fleet Holdings Ltd  | UK             | Full             | 100.0%     | 99.9%        | V3     | Full             | 100.0%     | 100.0%       |        |
| Colparc  | France         | Full             | 100.0%     | 99.9%        | V3     | Full             | 100.0%     | 100.0%       |        |
| GE Auto Service Leasing GmbH   | Germany        |                  |            |              | S4     | Full             | 100.0%     | 100.0%       | E3     |
| GE Auto Service Leasing GmbH   | Austria        |                  |            |              | S4     | Equity *         | 100.0%     | 100.0%       | E3     |
| GE Capital Largo Plaza SL  | Spain          |                  |            |              | S4     | Full             | 100.0%     | 100.0%       | E3     |
| Greensail Insurance Company Ltd  | Ireland        | Full             | (2)        | 100.0%       | 100.0% | Full             | (2)        | 100.0%       | 100.0% |
| Helicar - Automoveis de Aluguer Unipessoal Lda                               | Portugal       |                  |            |              | S4     | Equity *         | 100.0%     | 100.0%       | E3     |
| Locafid  | Belgium        | Full             | 100.0%     | 99.9%        | V3     | Full             | 100.0%     | 100.0%       | E3     |
| Public Location Longue Durée   | France         | Equity *         | 100.0%     | 99.9%        | V3     | Equity *         | 100.0%     | 100.0%       |        |
| TEB Avial Arac Fie Kiralama AS   | Turkey         | Full             | 100.0%     | 75.0%        | V3     | Full             | 100.0%     | 75.0%        |        |
| Leasing Solutions  |                |                  |            |              |        |                  |            |              |        |
| Ace Equipment Leasing  | Belgium        |                  |            |              | S3     | Full             | 100.0%     | 83.0%        |        |
| Albury Asset Rentals Ltd   | UK             | Full             | 100.0%     | 83.0%        |        | Full             | 100.0%     | 83.0%        |        |
| All In One Vermietung GmbH   | Austria        |                  |            |              | S3     | Equity *         | 100.0%     | 83.0%        |        |
| All In One Vermietungsgesellschaft für Telekommunikationsanlagen mbH         | Germany        | Equity *         | 100.0%     | 83.0%        |        | Equity *         | 100.0%     | 83.0%        |        |
| Aprolis Finance  | France         | Full             | 51.0%      | 42.3%        |        | Full             | 51.0%      | 42.3%        |        |
| Aprolis Finance (Romania branch)   | Romania        |                  |            |              |        |                  |            |              | S1     |
| Arbus  | France         | Full             | 100.0%     | 83.0%        |        | Full             | 100.0%     | 83.0%        |        |
| Arbus  | France         | Full             | 100.0%     | 83.0%        |        | Full             | 100.0%     | 83.0%        |        |



| Name   | Country     | 31 December 2016 |            |              |          | 31 December 2015 |            |              |      |
|--|-------------|------------------|------------|--------------|----------|------------------|------------|--------------|------|
|  |             | Method           | Voting (%) | Interest (%) | Ref.     | Method           | Voting (%) | Interest (%) | Ref. |
| BNPP Finansal Kiralama AS                                      | Turkey      | Full             | 100.0%     | 82.5%        |          | Full             | 100.0%     | 82.5%        | V4   |
| BNPP Lease Group   | France      | Full (1)         | 100.0%     | 83.0%        |          | Full (1)         | 100.0%     | 83.0%        |      |
| BNPP Lease Group (Germany branch)                              | Germany     | Full (1)         | 100.0%     | 83.0%        |          | Full (1)         | 100.0%     | 83.0%        |      |
| BNPP Lease Group (Italy branch)                                | Italy       | Full (1)         | 100.0%     | 83.0%        |          | Full (1)         | 100.0%     | 83.0%        |      |
| BNPP Lease Group (Portugal branch)                             | Portugal    | Full (1)         | 100.0%     | 83.0%        |          | Full (1)         | 100.0%     | 83.0%        |      |
| BNPP Lease Group (Rentle) Ltd                                  | UK          | Full             | 100.0%     | 83.0%        |          | Full             | 100.0%     | 83.0%        |      |
| BNPP Lease Group (Spain branch)                                | Spain       | Full (1)         | 100.0%     | 83.0%        |          | Full (1)         | 100.0%     | 83.0%        |      |
| BNPP Lease Group IFN SA  | Romania     | Equity *         | 100.0%     | 83.0%        |          | Equity *         | 100.0%     | 83.0%        |      |
| BNPP Lease Group KFT   | Hungary     | Equity *         | 100.0%     | 83.0%        |          | Equity *         | 100.0%     | 83.0%        |      |
| BNPP Lease Group Leasing Solutions SPA                         | Italy       | Full             | 100.0%     | 95.5%        |          | Full             | 100.0%     | 95.5%        |      |
| BNPP Lease Group Lizing RT                                     | Hungary     | Equity *         | 100.0%     | 83.0%        |          | Equity *         | 100.0%     | 83.0%        |      |
| BNPP Lease Group PLC   | UK          | Full             | 100.0%     | 83.0%        |          | Full             | 100.0%     | 83.0%        |      |
| BNPP Lease Group Polska SP ZOO                                 | Poland      | Equity *         | 100.0%     | 83.0%        |          | Equity *         | 100.0%     | 83.0%        |      |
| BNPP Lease Group SA Belgium                                    | Belgium     | Full             | 100.0%     | 83.0%        |          | Full             | 100.0%     | 83.0%        |      |
| BNPP Leasing Solutions   | Luxembourg  | Full             | 100.0%     | 83.0%        |          | Full             | 100.0%     | 83.0%        |      |
| BNPP Leasing Solutions Immobilier Suisse                       | Switzerland |                  |            |              |          |                  |            |              | S4   |
| BNPP Leasing Solutions Ltd                                     | UK          | Full             | 100.0%     | 83.0%        |          | Full             | 100.0%     | 83.0%        |      |
| BNPP Leasing Solutions NV                                      | Netherlands | Full             | 100.0%     | 83.0%        |          | Full             | 100.0%     | 83.0%        |      |
| BNPP Leasing Solutions Suisse SA                               | Switzerland | Equity *         | 100.0%     | 83.0%        |          | Equity *         | 100.0%     | 83.0%        |      |
| BNPP Rental Solutions Ltd (Ex- Arley Ltd)                      | UK          | Equity *         | 100.0%     | 83.0%        |          | Equity *         | 100.0%     | 83.0%        |      |
| Class Financial Services                                       | France      | Full (1)         | 60.1%      | 49.9%        |          | Full (1)         | 60.1%      | 49.9%        |      |
| Class Financial Services (Germany branch)                      | Germany     | Full (1)         | 100.0%     | 49.9%        |          | Full (1)         | 100.0%     | 49.9%        |      |
| Class Financial Services (Italy branch)                        | Italy       | Full (1)         | 100.0%     | 49.9%        |          | Full (1)         | 100.0%     | 49.9%        |      |
| Class Financial Services (Poland branch)                       | Poland      | Full (1)         | 100.0%     | 49.9%        |          | Full (1)         | 100.0%     | 49.9%        |      |
| Class Financial Services (Spain branch)                        | Spain       | Full (1)         | 100.0%     | 49.9%        |          | Full (1)         | 100.0%     | 49.9%        |      |
| Class Financial Services Inc                                   | USA         |                  |            |              | S2       | Full             | 100.0%     | 49.9%        |      |
| Class Financial Services Ltd                                   | UK          | Full             | 51.0%      | 42.3%        |          | Full             | 51.0%      | 42.3%        |      |
| CNH Industrial Capital Europe                                  | France      | Full (1)         | 50.1%      | 41.6%        |          | Full (1)         | 50.1%      | 41.6%        |      |
| CNH Industrial Capital Europe (Belgium branch)                 | Belgium     | Full (1)         | 100.0%     | 41.6%        |          | Full (1)         | 100.0%     | 41.6%        |      |
| CNH Industrial Capital Europe (Germany branch)                 | Germany     | Full (1)         | 100.0%     | 41.6%        |          | Full (1)         | 100.0%     | 41.6%        |      |
| CNH Industrial Capital Europe (Italy branch)                   | Italy       | Full (1)         | 100.0%     | 41.6%        |          | Full (1)         | 100.0%     | 41.6%        |      |
| CNH Industrial Capital Europe (Poland branch)                  | Poland      | Full (1)         | 100.0%     | 41.6%        |          | Full (1)         | 100.0%     | 41.6%        |      |
| CNH Industrial Capital Europe (Spain branch)                   | Spain       | Full (1)         | 100.0%     | 41.6%        |          | Full (1)         | 100.0%     | 41.6%        |      |
| CNH Industrial Capital Europe BV                               | Netherlands | Full             | 100.0%     | 41.6%        |          | Full             | 100.0%     | 41.6%        |      |
| CNH Industrial Capital Europe GmbH                             | Austria     | Full             | 100.0%     | 41.6%        |          | Full             | 100.0%     | 41.6%        |      |
| CNH Industrial Capital Europe Ltd                              | UK          | Full             | 100.0%     | 41.6%        |          | Full             | 100.0%     | 41.6%        |      |
| Commercial Vehicle Finance Ltd                                 | UK          | Full             | 100.0%     | 83.0%        |          | Full             | 100.0%     | 83.0%        |      |
| ES-Finance   | Belgium     | Full             | 100.0%     | 99.9%        |          | Full             | 100.0%     | 99.9%        |      |
| Fortis Lease   | France      | Full (1)         | 100.0%     | 83.0%        |          | Full (1)         | 100.0%     | 83.0%        |      |
| Fortis Lease Belgium   | Belgium     | Full             | 100.0%     | 83.0%        |          | Full             | 100.0%     | 83.0%        |      |
| Fortis Lease Deutschland GmbH                                  | Germany     | Equity *         | 100.0%     | 83.0%        |          | Equity *         | 100.0%     | 83.0%        |      |
| Fortis Lease Iberia SA   | Spain       | Equity *         | 100.0%     | 86.6%        |          | Equity *         | 100.0%     | 86.6%        |      |
| Fortis Lease Operatív Lizing Zrtkorven Mulodo Reszvenytársasag | Hungary     |                  |            |              | S1       | Equity *         | 100.0%     | 83.0%        |      |
| Fortis Lease Portugal  | Portugal    | Equity *         | 100.0%     | 83.0%        |          | Equity *         | 100.0%     | 83.0%        |      |
| Fortis Lease Romania IFN SA                                    | Romania     |                  |            |              |          |                  |            |              | S4   |
| Fortis Lease UK Ltd  | UK          | Equity *         | 100.0%     | 83.0%        |          | Equity *         | 100.0%     | 83.0%        |      |
| Fortis Lease UK Retail Ltd                                     | UK          |                  |            |              | S3       | Equity *         | 100.0%     | 83.0%        |      |
| Fortis Vastgoedlease BV  | Netherlands | Equity *         | 100.0%     | 83.0%        |          | Equity *         | 100.0%     | 83.0%        |      |
| HFGL Ltd   | UK          |                  |            |              | S1       | Full             | 100.0%     | 83.0%        |      |
| Humberdyde Commercial Investments Ltd                          | UK          | Full             | 100.0%     | 83.0%        |          | Full             | 100.0%     | 83.0%        |      |
| Humberdyde Commercial Investments N°1 Ltd                      | UK          |                  |            |              | S1       | Full             | 100.0%     | 83.0%        |      |
| JCB Finance  | France      | Full (1)         | 100.0%     | 41.6%        |          | Full (1)         | 100.0%     | 41.6%        |      |
| JCB Finance (Germany branch)                                   | Germany     | Full (1)         | 100.0%     | 41.6%        |          | Full (1)         | 100.0%     | 41.6%        |      |
| JCB Finance (Italy branch)                                     | Italy       | Full (1)         | 100.0%     | 41.6%        |          | Full (1)         | 100.0%     | 41.6%        |      |
| JCB Finance Holdings Ltd                                       | UK          | Full             | 50.1%      | 41.6%        |          | Full             | 50.1%      | 41.6%        |      |
| Localize Italiana SPA  | Italy       | Equity *         | 100.0%     | 83.0%        |          | Equity *         | 100.0%     | 83.0%        | V3   |
| Manibu Finance Ltd   | UK          | Full             | 51.0%      | 42.3%        |          | Full             | 51.0%      | 42.3%        |      |
| MMF  | France      | Full (1)         | 51.0%      | 42.3%        |          | Full (1)         | 51.0%      | 42.3%        |      |
| Nalcoedibai  | France      | Full (1)         | 100.0%     | 100.0%       |          | Full (1)         | 100.0%     | 100.0%       |      |
| Nalcoedimurs   | France      | Full (1)         | 100.0%     | 100.0%       |          | Full (1)         | 100.0%     | 100.0%       |      |
| Nalcoenergie 2   | France      |                  |            |              | S3       | Equity *         | 100.0%     | 100.0%       |      |
| RD Portoblu SRL  | Romania     | Equity *         | 100.0%     | 83.0%        |          | Equity *         | 100.0%     | 83.0%        | E2   |
| Same Deutz Fahr Finance  | Full (1)    | 100.0%           | 83.0%      |              | Full (1) | 100.0%           | 83.0%      |              |      |
| Same Deutz Fahr Finance Ltd                                    | UK          | Full             | 100.0%     | 83.0%        |          | Full             | 100.0%     | 83.0%        |      |
| SREI Equipment Finance Ltd                                     | India       |                  |            |              | S2       | Equity (3)       | 50.0%      | 41.5%        |      |
| <b>Structured Entities</b>                                     |             |                  |            |              |          |                  |            |              |      |
| BNPP B Institutional II Short Term                             | Belgium     | Full             | -          | -            |          | Full             | -          | -            | E1   |
| Vela Lease SRL   | Italy       |                  |            |              |          |                  |            |              | S3   |
| <b>Personal Investors</b>                                      |             |                  |            |              |          |                  |            |              |      |
| DAB Bank AG  | Germany     |                  |            |              |          |                  |            |              | S4   |
| Geojit BNPP Financial Services Ltd                             | India       |                  |            |              | S2       | Equity           | 34.4%      | 34.4%        |      |
| Geojit Technologies Private Ltd                                | India       | Equity           | 35.0%      | 35.0%        |          | Equity *         | 57.4%      | 57.4%        | D1   |
| Helobank BNPP Austria AG                                       | Austria     | Full             | 100.0%     | 100.0%       |          | Full             | 100.0%     | 100.0%       | V4   |
| Sharekhan Financial Services Private Ltd                       | India       | Equity *         | 100.0%     | 100.0%       | E3       |                  |            |              |      |
| Sharekhan Ltd  | India       | Full             | 100.0%     | 100.0%       | E3       |                  |            |              |      |
| <b>Structured Entities</b>                                     |             |                  |            |              |          |                  |            |              |      |
| DAB Bank AG (Ex- BNPP Beteiligungsholding AG)                  | Germany     |                  |            |              |          |                  |            |              | S4   |
| Human Value Developers Private Ltd                             | India       | Full             | -          | -            | E3       |                  |            |              |      |
| <b>International Financial Services</b>                        |             |                  |            |              |          |                  |            |              |      |
| <b>BNP Paribas Personal Finance</b>                            |             |                  |            |              |          |                  |            |              |      |
| Alpha Crédit SA  | Belgium     | Full             | 100.0%     | 99.9%        |          | Full             | 100.0%     | 99.9%        |      |
| Axa Banque Financement   | France      | Equity           | 35.0%      | 35.0%        |          | Equity           | 35.0%      | 35.0%        |      |
| Banco BNPP Personal Finance SA                                 | Portugal    | Full             | 100.0%     | 100.0%       |          | Full             | 100.0%     | 100.0%       |      |
| Banco Cetelem Argentina SA                                     | Argentina   | Full             | 100.0%     | 100.0%       |          | Full             | 100.0%     | 100.0%       |      |
| Banco Cetelem SA   | Spain       | Full             | 100.0%     | 100.0%       |          | Full             | 100.0%     | 100.0%       |      |

| Name   | Country        | 31 December 2016 |            |              |      | 31 December 2015 |            |              |      |
|--|----------------|------------------|------------|--------------|------|------------------|------------|--------------|------|
|  |                | Method           | Voting (%) | Interest (%) | Ref. | Method           | Voting (%) | Interest (%) | Ref. |
| Banco Cetelem SA                                     | Brazil         | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Banco de Servicios Financieros SA                    | Argentina      | Equity           | 40.0%      | 40.0%        |      | Equity           | 40.0%      | 40.0%        |      |
| Banque Soliba  | France         | Equity (3)       | 45.0%      | 45.0%        | V4   | Equity (3)       | 44.9%      | 44.9%        |      |
| BGN Mercant E Servicos Ltda                          | Brazil         | Equity *         | 100.0%     | 100.0%       |      | Equity *         | 100.0%     | 100.0%       |      |
| BNPP Personal Finance                                | France         | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP Personal Finance (Austria branch)               | Austria        | Full             | 100.0%     | 100.0%       | E2   |                  |            |              |      |
| BNPP Personal Finance (Czech Republic branch)        | Czech Republic | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       | E2   |
| BNPP Personal Finance (Slovakia branch)              | Slovakia       | Full             | 100.0%     | 100.0%       | E2   |                  |            |              |      |
| BNPP Personal Finance BV                             | Netherlands    | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP Personal Finance EAD                            | Bulgaria       | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP Personal Finance SA de CV                       | Mexico         | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Cafneo   | France         | Full (1)         | 51.0%      | 50.8%        |      | Full (1)         | 51.0%      | 50.8%        |      |
| Carrefour Banque                                     | France         | Equity           | 40.0%      | 40.0%        |      | Equity           | 40.0%      | 40.0%        | V1   |
| Cetelem Algérie                                      | Algeria        |                  |            |              |      |                  |            |              | S3   |
| Cetelem America Ltda                                 | Brazil         | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Cetelem Bank LLC                                     | Russia         | Equity           | 20.8%      | 20.8%        |      | Equity           | 20.8%      | 20.8%        | V3   |
| Cetelem CR AS  | Czech Republic |                  |            |              |      |                  |            |              | S4   |
| Cetelem IFN  | Romania        | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Cetelem Servicos Ltda                                | Brazil         | Equity *         | 100.0%     | 100.0%       | D1   | Full             | 100.0%     | 100.0%       |      |
| Cetelem Slovensko AS                                 | Slovakia       |                  |            |              | S4   | Full             | 100.0%     | 100.0%       |      |
| CMV Mediocr  | France         | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| Cofca Bail   | France         | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| Cofplan  | France         | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| Commerz Finanz                                       | Germany        | Full             | 50.1%      | 50.1%        |      | Full             | 50.1%      | 50.1%        |      |
| Communication Marketing Services                     | France         |                  |            |              |      |                  |            |              | S4   |
| Compagnie de Gestion et de Prêts                     | France         |                  |            |              |      |                  |            |              | S4   |
| Creation Consumer Finance Ltd                        | UK             | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Creation Financial Services Ltd                      | UK             | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Creation Marketing Services Ltd                      | UK             |                  |            |              |      |                  |            |              | S1   |
| Crédit Moderne Antilles Guyane                       | France         | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| Crédit Moderne Océan Indien                          | France         | Full (1)         | 97.8%      | 97.8%        |      | Full (1)         | 97.8%      | 97.8%        |      |
| Direct Services                                      | Bulgaria       | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Domofrance   | France         | Full (1)         | 55.0%      | 55.0%        |      | Full (1)         | 55.0%      | 55.0%        |      |
| Eficco   | France         | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Eficco Iberia SA                                     | Spain          | Equity *         | 100.0%     | 100.0%       |      | Equity *         | 100.0%     | 100.0%       |      |
| EspressBank  | Denmark        | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| EspressBank (Norway branch)                          | Norway         | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Eos Arenas Belgium SA NV                             | Belgium        | Equity           | 50.0%      | 49.9%        |      | Equity           | 50.0%      | 49.9%        |      |
| Eurocredit EFC SA                                    | Spain          |                  |            |              |      |                  |            |              | S4   |
| Facet  | France         |                  |            |              |      |                  |            |              | S4   |
| Fidecom  | France         | Full             | 82.4%      | 82.4%        |      | Full             | 82.4%      | 82.4%        |      |
| Fidem  | France         |                  |            |              |      |                  |            |              | S4   |
| Finetec Expansion SA                                 | Spain          |                  |            |              | S4   | Full             | 100.0%     | 100.0%       |      |
| Findomestic Banca SPA                                | Italy          | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Findomestic Banka AD                                 | Serbia         | Equity *         | 100.0%     | 100.0%       | D1   | Full             | 100.0%     | 100.0%       |      |
| GCC Consumo Establecimiento Financiero de Credito SA | Spain          | Equity *         | 51.0%      | 51.0%        | E1   |                  |            |              |      |
| Gesellschaft für Capital & Vermögensverwaltung GmbH  | Germany        | Equity *         | 100.0%     | 99.9%        |      | Equity *         | 100.0%     | 99.9%        |      |
| Gestion et Services Groupe Cofinoga GIE              | France         |                  |            |              |      |                  |            |              | S4   |
| Inkasso Kodat GmbH & Co KG                           | Germany        | Equity *         | 100.0%     | 99.9%        |      | Equity *         | 100.0%     | 99.9%        |      |
| LaSer Commercial                                     | France         |                  |            |              |      |                  |            |              | S4   |
| LaSer Loyalty  | France         |                  |            |              |      |                  |            |              | S4   |
| LaSer SA   | France         |                  |            |              |      |                  |            |              | S4   |
| Leval 20   | France         | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Loiers Finance                                       | France         | Full (1)         | 51.0%      | 51.0%        |      | Full (1)         | 51.0%      | 51.0%        |      |
| Magyar Cetelem Bank ZRT                              | Hungary        | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Norskens Finance                                     | France         | Full (1)         | 100.0%     | 100.0%       | V1   | Full (1)         | 51.0%      | 51.0%        |      |
| Ony Magyarorszag ZRT                                 | Hungary        | Equity           | 40.0%      | 40.0%        |      | Equity           | 40.0%      | 40.0%        |      |
| Prêts et Services SAS                                | France         | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| Projeto  | France         | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       | V1   |
| RCS Botswana Proprietary Ltd                         | Botswana       |                  |            |              |      |                  |            |              | S3   |
| RCS Cards Proprietary Ltd                            | South Africa   | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| RCS Collections Proprietary Ltd                      | South Africa   |                  |            |              |      |                  |            |              | S3   |
| RCS Home Loans Proprietary Ltd                       | South Africa   |                  |            |              |      |                  |            |              | S3   |
| RCS Investment Holdings Ltd                          | South Africa   | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| RCS Investment Holdings Nambia Proprietary Ltd       | Nambia         |                  |            |              |      |                  |            |              | S3   |
| Retail Mobile Wallet                                 | France         | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       | D1   |
| Servicios Financieros Carrefour EFC SA               | Spain          | Equity           | 37.3%      | 40.0%        |      | Equity           | 37.3%      | 40.0%        | V4   |

| Name   | Country        | 31 December 2016 |            |              |      | 31 December 2015 |            |              |       |
|--|----------------|------------------|------------|--------------|------|------------------|------------|--------------|-------|
|  |                | Method           | Voting (%) | Interest (%) | Ref. | Method           | Voting (%) | Interest (%) | Ref.  |
| Pnedina Hypotheek 2011-1 BV  | Netherlands    |                  |            |              | S1   | Full             | -          | -            |       |
| Pnedina Hypotheek 2013-1 BV  | Netherlands    | Full             | -          | -            |      | Full             | -          | -            |       |
| Securisation Fonds Aunoria (a)   | France         | Full             | -          | -            |      | Full             | -          | -            |       |
| Securisation Fonds Dornos (b)  | France         | Full             | -          | -            |      | Full             | -          | -            |       |
| Securisation Fonds UCI (c)   | Spain          | Equity (3)       | -          | -            |      | Equity (3)       | -          | -            |       |
| <b>International Retail Banking</b>  |                |                  |            |              |      |                  |            |              |       |
| <b>Retail Banking in the United States of America</b>                      |                |                  |            |              |      |                  |            |              |       |
| 1897 Services Corporation  | USA            | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |       |
| BancWest Corporation   | USA            | Full             | 100.0%     | 100.0%       | E2   |                  |            |              |       |
| BancWest Holding Inc   | USA            | Full             | 100.0%     | 100.0%       | E2   |                  |            |              |       |
| BancWest Investment Services Inc   | USA            | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |       |
| Bank of the West   | USA            | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |       |
| Bank of the West (Cayman Islands branch)                                   | Cayman Islands |                  |            |              | S1   | Full             | 100.0%     | 100.0%       |       |
| Bishop Street Capital Management Corporation                               | USA            | Full             | 100.0%     | 82.6%        |      | V3               | Full       | 100.0%       |       |
| BIW Insurance Agency Inc   | USA            |                  |            |              |      |                  |            |              | S2    |
| Center Club Inc  | USA            | Full             | 100.0%     | 82.6%        | V3   | Full             | 100.0%     | 100.0%       |       |
| CFB Community Development Corporation                                      | USA            | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |       |
| Class Financial Services LLC   | USA            | Full             | 51.0%      | 51.0%        | V2   | Full             | 75.9%      | 63.4%        |       |
| Commercial Federal Affordable Housing Inc                                  | USA            | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |       |
| Commercial Federal Community Development Corporation                       | USA            | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |       |
| Commercial Federal Insurance Corporation                                   | USA            | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |       |
| Commercial Federal Investment Service Inc                                  | USA            | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |       |
| Community Service Inc  | USA            |                  |            |              |      |                  |            |              | S1    |
| FHB Guam Trust Co  | USA            | Full             | 100.0%     | 82.6%        | V3   | Full             | 100.0%     | 100.0%       |       |
| FHL SPC One Inc  | USA            | Full             | 100.0%     | 82.6%        | V3   | Full             | 100.0%     | 100.0%       |       |
| First Bancorp  | USA            | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |       |
| First Hawaiian Bank (Cayman Islands branch)                                | Cayman Islands |                  |            |              |      |                  |            |              | S1    |
| First Hawaiian Bank  | USA            | Full             | 100.0%     | 82.6%        | V3   | Full             | 100.0%     | 100.0%       |       |
| First Hawaiian Capital 1   | USA            |                  |            |              |      |                  |            |              | S1    |
| First Hawaiian Inc (Ex-BancWest Corporation)                               | USA            | Full             | 82.6%      | 82.6%        | V2   | Full             | 100.0%     | 100.0%       |       |
| First Hawaiian Leasing Inc   | USA            | Full             | 100.0%     | 82.6%        | V3   | Full             | 100.0%     | 100.0%       |       |
| First National Bancorporation  | USA            | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |       |
| First Santa Clara Corporation  | USA            | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |       |
| Liberty Leasing Company  | USA            | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |       |
| Mountain Falls Acquisition Corporation                                     | USA            | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |       |
| Real Estate Delivery 2 Inc   | USA            | Full             | 100.0%     | 82.6%        | V3   | Full             | 100.0%     | 100.0%       |       |
| The Bankers Club Inc   | USA            | Full             | 100.0%     | 82.6%        | V3   | Full             | 100.0%     | 100.0%       |       |
| Urus Real Estate Inc   | USA            | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |       |
| <b>Structured Entities</b>   |                |                  |            |              |      |                  |            |              |       |
| Bank of the West Auto Trust 2014-1   | USA            | Full             | -          | -            |      | Full             | -          | -            |       |
| Bank of the West Auto Trust 2015-1   | USA            | Full             | -          | -            |      |                  |            |              | E2    |
| Bank of the West Auto Trust 2016-1 (Ex-Bank of the West Auto Trust 2015-2) | USA            | Full             | -          | -            |      | Full             | -          | -            | E2    |
| Bank of the West Auto Trust 2016-2   | USA            | Full             | -          | -            | E2   |                  |            |              |       |
| BOW Auto Receivables LLC   | USA            | Full             | -          | -            |      | Full             | -          | -            |       |
| Commercial Federal Realty Investors Corporation                            | USA            |                  |            |              |      |                  |            |              | S1    |
| Commercial Federal Service Corporation                                     | USA            |                  |            |              |      |                  |            |              |       |
| Equipment Lot FH   | USA            |                  |            |              | S2   | Full             | -          | -            |       |
| Equipment Lot Siemens 1998A-FH   | USA            |                  |            |              | S3   | Full             | -          | -            |       |
| Glendale Corporate Center Acquisition LLC                                  | USA            | Full             | -          | -            |      | Full             | -          | -            |       |
| LACMTA Rail Statutory Trust (FH1)  | USA            | Full             | -          | -            |      | Full             | -          | -            |       |
| Lexington Blue LLC   | USA            |                  |            |              | S2   | Equity           | -          | -            |       |
| MNCRC Equipment Lot  | USA            |                  |            |              |      |                  |            |              | S2    |
| Riverwalk Village Three Holdings LLC                                       | USA            | Full             | -          | -            |      | Full             | -          | -            |       |
| Santa Rita Townhomes Acquisition LLC                                       | USA            | Full             | -          | -            |      | Full             | -          | -            |       |
| Southwest Airlines 1993 Trust N363SW                                       | USA            |                  |            |              |      |                  |            |              | S2    |
| ST 2001 FH-1 Statutory Trust   | USA            | Full             | -          | -            |      | Full             | -          | -            |       |
| SMB 99-1   | USA            |                  |            |              | S2   | Full             | -          | -            |       |
| VTA 1998-FH  | USA            | Full             | -          | -            |      | Full             | -          | -            |       |
| <b>Europe Mediterranean</b>  |                |                  |            |              |      |                  |            |              |       |
| Bank BGZ BNPP SA   | Poland         | Full             | 88.3%      | 88.3%        |      | Full             | 88.3%      | 88.3%        | V1&V3 |
| BICI Bourse  | China          | Equity           | 18.9%      | 18.9%        | V1   | Equity           | 18.8%      | 18.8%        | V1    |
| Banque Internationale pour le Commerce et l'Industrie de la Côte d'Ivoire  | Ivory Coast    | Full             | 59.8%      | 59.8%        |      | Full             | 59.8%      | 59.8%        |       |
| Banque Internationale pour le Commerce et l'Industrie de la Guinée         | Guinea         | Full             | 55.6%      | 55.6%        | D1   | Equity *         | 55.6%      | 55.6%        |       |
| Banque Internationale pour le Commerce et l'Industrie du Burkina Faso      | Burkina Faso   | Full             | 51.0%      | 51.0%        |      | Full             | 51.0%      | 51.0%        |       |
| Banque Internationale pour le Commerce et l'Industrie du Gabon             | Gabon          | Equity           | 47.0%      | 47.0%        |      | Equity           | 47.0%      | 47.0%        |       |
| Banque Internationale pour le Commerce et l'Industrie du Mali              | Mali           | Full             | 85.0%      | 85.0%        |      | Full             | 85.0%      | 85.0%        |       |
| Banque Internationale pour le Commerce et l'Industrie du Sénégal           | Senegal        | Full             | 54.1%      | 54.1%        |      | Full             | 54.1%      | 54.1%        |       |
| Banque Marocaine pour le Commerce et l'Industrie Maroc                     | Morocco        | Full             | 67.0%      | 67.0%        | V4   | Full             | 66.7%      | 66.7%        |       |
| BICI Bourse  | Ivory Coast    | Equity *         | 90.0%      | 53.5%        |      | Equity *         | 90.0%      | 53.5%        | E1    |
| BMCI Asset Management  | Morocco        | Equity *         | 100.0%     | 67.0%        | V4   | Equity *         | 100.0%     | 66.7%        | V3    |
| BMCI Assurance SARL  | Morocco        | Equity *         | 100.0%     | 67.0%        | V4   | Equity *         | 100.0%     | 66.7%        | V3    |
| BMCI Banque Offshore   | Morocco        | Full             | 100.0%     | 67.0%        | V4   | Full             | 100.0%     | 66.7%        | V3    |
| BMCI Leasing   | Morocco        | Full             | 86.9%      | 58.2%        | V4   | Full             | 86.9%      | 58.0%        | V3    |
| BNP Intercontinentale  | France         |                  |            |              |      |                  |            |              | S4    |
| BNPP Bank Polska SA  | Poland         |                  |            |              |      |                  |            |              |       |
| BNPP El Djazair  | Algeria        | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |       |

(a): As at 31 December 2016, the securitisation funds Aunoria includes 1 silo (Aunoria 2014), versus 2 silos as at 31 December 2015 (Aunoria 2014 and Aunoria 2012-2)

(b): As at 31 December 2015 and 31 December 2016, the securitisation funds Dornos include Dornos 2008 and Dornos 2011 (with 2 silos: Dornos 2011-A and Dornos 2011-B)

(c): As at 31 December 2016, the securitisation funds UCI include 14 funds (FCC UCI 7 to 12, 14 to 18 and RMBS Prado 1 to 11), versus 12 funds as at 31 December 2015 (FCC UCI 7 to 12, 14 to 18 and RMBS Prado 1)

#### Changes in the scope of consolidation

##### New entries (E) in the scope of consolidation

- E1 Passing qualifying thresholds as defined by the Group (see note 1.b)
- E2 Incorporation
- E3 Purchase, gain of control or significant influence

##### Removals (S) from the scope of consolidation

- S1 Cessation of activity (dissolution, liquidation, ...)
- S2 Disposal, loss of control or loss of significant influence
- S3 Passing qualifying thresholds as defined by the Group (see note 1.b)
- S4 Merger, Universal transfer of assets and liabilities

##### Variance (V) in voting or ownership interest

- V1 Additional purchase
- V2 Partial disposal
- V3 Dilution
- V4 Increase in %

| Name  | Country        | 31 December 2016 |            |              |      | 31 December 2015 |            |              |      |
|---|----------------|------------------|------------|--------------|------|------------------|------------|--------------|------|
|   |                | Method           | Voting (%) | Interest (%) | Ref. | Method           | Voting (%) | Interest (%) | Ref. |
| BNPP Fortis Yatirimlar Holding AS                                 | Turkey         | Full             | 100.0%     | 99.9%        |      | Full             | 100.0%     | 99.9%        |      |
| BNPP IRB Participations   | France         | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP Yatirimlar Holding AS  | Turkey         | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| IC Axa Insurance JSC  | Ukraine        | Equity           | 49.8%      | 29.9%        | V2   | Equity           | 49.8%      | 49.8%        |      |
| Kronenburg Vastgoed BV  | Netherlands    |                  |            |              |      |                  |            |              | S3   |
| Orient Commercial Bank  | Viet Nam       |                  |            |              |      |                  |            |              |      |
| Sichting Effecten Dienstverlening                                 | Netherlands    |                  |            |              |      |                  |            |              | S3   |
| Syngma Bank Polska SA (Spolka Akcyjna)                            | Poland         |                  |            |              | S4   | Full             | 100.0%     | 88.3%        | E2   |
| TEB Faktoring AS  | Turkey         | Full             | 100.0%     | 72.5%        | V4   | Full             | 100.0%     | 72.4%        | V4   |
| TEB Holding AS  | Turkey         | Full             | 50.0%      | 50.0%        |      | Full             | 50.0%      | 50.0%        |      |
| TEB Portfoly Yonemli AS   | Turkey         | Full             | 100.0%     | 72.5%        |      | Full             | 100.0%     | 72.5%        | V1   |
| TEB SH A  | Serbia         | Full             | 100.0%     | 50.0%        |      | Full             | 100.0%     | 50.0%        |      |
| TEB Yatirim Menkul Değerler AS                                    | Turkey         | Full             | 100.0%     | 72.5%        | V4   | Full             | 100.0%     | 72.4%        | V1   |
| The Economy Bank NV   | Netherlands    |                  |            |              |      |                  |            |              | S3   |
| Türk Ekonomi Bankası AS   | Turkey         | Full             | 100.0%     | 72.5%        | V4   | Full             | 100.0%     | 72.4%        | V1   |
| Türk Ekonomi Bankası AS (Bahrain branch)                          | Bahrain        |                  |            |              |      |                  |            |              | S1   |
| UkrSibbank Public JSC   | Ukraine        | Full             | 60.0%      | 60.0%        | V2   | Full             | 85.0%      | 100.0%       |      |
| Union Bancaire pour le Commerce et l'Industrie                    | Tunisia        | Full             | 50.1%      | 50.1%        |      | Full             | 50.1%      | 50.1%        |      |
| <b>Insurance</b>  |                |                  |            |              |      |                  |            |              |      |
| AG Insurance  | Belgium        | Equity           | 25.0%      | 25.0%        |      | Equity           | 25.0%      | 25.0%        |      |
| BNPP Cardif   | France         | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| BNPP Cardif BV  | Netherlands    | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| BNPP Cardif Emeklilik Anonim Sirketi                              | Turkey         | Full (2)         | 100.0%     | 100.0%       | D1   | Equity *         | 100.0%     | 100.0%       |      |
| BNPP Cardif General Insurance Co Ltd                              | Rep. of Korea  | Equity *         | 79.6%      | 79.6%        | V4   | Equity *         | 77.5%      | 77.5%        | V4   |
| BNPP Cardif Levensverzekeringen NV                                | Netherlands    | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| BNPP Cardif Pojistovna AS   | Czech Republic | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| BNPP Cardif PSC Ltd   | UK             |                  |            |              | S3   | Equity *         | 100.0%     | 100.0%       |      |
| BNPP Cardif Schadeverzekeringen NV                                | Netherlands    | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| BNPP Cardif Seguros de Vida SA                                    | Chile          | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| BNPP Cardif Seguros Generales SA                                  | Chile          | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| BNPP Cardif Servicios y Asistencia Limitada                       | Chile          | Equity *         | 100.0%     | 100.0%       |      | Equity *         | 100.0%     | 100.0%       |      |
| BNPP Cardif TCB Life Insurance Company Ltd                        | Taiwan         | Equity           | 49.0%      | 49.0%        |      | Equity           | 49.0%      | 49.0%        |      |
| BNPP Cardif Vita Compagnia di Assicurazione E Riassicurazione SPA | Italy          | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| BOB Cardif Life Insurance Company Ltd                             | China          | Equity           | 50.0%      | 50.0%        |      | Equity           | 50.0%      | 50.0%        |      |
| Cardif Assurance Vie  | France         | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurance Vie (Austria branch)                             | Austria        | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurance Vie (Belgium branch)                             | Belgium        | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurance Vie (Bulgaria branch)                            | Bulgaria       | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurance Vie (Germany branch)                             | Germany        | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurance Vie (Italy branch)                               | Italy          | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurance Vie (Japan branch)                               | Japan          | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurance Vie (Portugal branch)                            | Portugal       | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurance Vie (Romania branch)                             | Romania        | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurance Vie (Spain branch)                               | Spain          | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurance Vie (Switzerland branch)                         | Switzerland    | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurance Vie (Taiwan branch)                              | Taiwan         | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurances Risques Divers                                  | France         | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurances Risques Divers (Austria branch)                 | Austria        | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurances Risques Divers (Belgium branch)                 | Belgium        | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurances Risques Divers (Bulgaria branch)                | Bulgaria       | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurances Risques Divers (Germany branch)                 | Germany        | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurances Risques Divers (Italy branch)                   | Italy          | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurances Risques Divers (Japan branch)                   | Japan          | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurances Risques Divers (Luxembourg branch)              | Luxembourg     | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurances Risques Divers (Poland branch)                  | Poland         | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurances Risques Divers (Portugal branch)                | Portugal       | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurances Risques Divers (Romania branch)                 | Romania        | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurances Risques Divers (Spain branch)                   | Spain          | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurances Risques Divers (Switzerland branch)             | Switzerland    | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Assurances Risques Divers (Taiwan branch)                  | Taiwan         | Full (2)         | 100.0%     | 100.0%       |      | Full (2)         | 100.0%     | 100.0%       |      |
| Cardif Bizboto Magyarorszag ZRT                                   | Hungary        |                  |            |              | S3   | Equity *         | 100.0%     | 100.0%       |      |

| Name  | Country     | 31 December 2016 |            |              |        | 31 December 2015 |            |              |        |
|---|-------------|------------------|------------|--------------|--------|------------------|------------|--------------|--------|
|   |             | Method           | Voting (%) | Interest (%) | Ref.   | Method           | Voting (%) | Interest (%) | Ref.   |
| Cardif Pinnacle Insurance Holdings PLC                | UK          | Full             | (2)        | 100.0%       | 100.0% | Full             | (2)        | 100.0%       | 100.0% |
| Cardif Pinnacle Insurance Management Services PLC     | UK          | Full             | (2)        | 100.0%       | 100.0% | Full             | (2)        | 100.0%       | 100.0% |
| Cardif Polska Towarzystwo Ubezpieczeń na Życie SA     | Poland      | Equity *         |            | 100.0%       | 100.0% | D1               | Full       | (2)          | 100.0% |
| Cardif Seguros SA                                     | Argentina   | Full             | (2)        | 100.0%       | 100.0% | Full             | (2)        | 100.0%       | 100.0% |
| Cardif Services SAS                                   | France      | Full             | (2)        | 100.0%       | 100.0% | S3               | Equity *   |              | 100.0% |
| Cargass Assicurazioni SPA                             | Italy       | Equity           |            | 50.0%        | 50.0%  | Equity           |            | 50.0%        | 50.0%  |
| CB (UK) Ltd   | UK          | Full             | (2)        | 100.0%       | 100.0% | Full             | (2)        | 100.0%       | 100.0% |
| Darnell Ltd   | Ireland     | Full             | (2)        | 100.0%       | 100.0% | Full             | (2)        | 100.0%       | 100.0% |
| F&B Insurance Holdings SA                             | Belgium     |                  |            |              |        |                  |            |              | S1     |
| GIE BNPP Cardif                                       | France      | Full             | (2)        | 100.0%       | 99.0%  | Full             | (2)        | 100.0%       | 99.0%  |
| Icare   | France      | Full             | (2)        | 100.0%       | 100.0% | Full             | (2)        | 100.0%       | 100.0% |
| Icare Assurance                                       | France      | Full             | (2)        | 100.0%       | 100.0% | Full             | (2)        | 100.0%       | 100.0% |
| Luzaseg   | Brazil      | Equity           |            | 50.0%        | 50.0%  | Equity           |            | 50.0%        | 50.0%  |
| Natio Assurance                                       | France      | Equity           |            | 50.0%        | 50.0%  | Equity           |            | 50.0%        | 50.0%  |
| NCVP Participações Societárias SA                     | Brazil      | Full             | (2)        | 100.0%       | 100.0% | Full             | (2)        | 100.0%       | 100.0% |
| Pinnacle Insurance PLC                                | UK          | Full             | (2)        | 100.0%       | 100.0% | Full             | (2)        | 100.0%       | 100.0% |
| Poczylny Arka Powszechnie Towarzystwo Emerytalne SA   | Poland      |                  |            |              | S3     | Equity           |            | 33.3%        | 33.3%  |
| Polisovna Cardif Slovakia AS                          | Slovakia    | Equity *         |            | 100.0%       | 100.0% | Equity *         |            | 100.0%       | 100.0% |
| Portes de Claye SCI                                   | France      | Equity           |            | 45.0%        | 45.0%  | Equity           |            | 45.0%        | V3     |
| Soco SCI  | France      | Equity           |            | 46.4%        | 46.4%  | Equity           |            | 46.4%        | V3     |
| State Bank of India Life Insurance Company Ltd        | India       | Equity           |            | 26.0%        | 26.0%  | Equity           |            | 26.0%        | 26.0%  |
| <b>Structured Entities</b>                            |             |                  |            |              |        |                  |            |              |        |
| BNPP Adons Euroland                                   | France      | Full             | (2)        | -            | -      | Full             | (2)        | -            | E1     |
| BNPP Aqua   | France      | Full             | (2)        | -            | -      | Full             | (2)        | -            | -      |
| BNPP Convictions                                      | France      | Full             | (2)        | -            | -      | Full             | (2)        | -            | E1     |
| BNPP Développement Humain                             | France      | Full             | (2)        | -            | -      | Full             | (2)        | -            | E1     |
| BNPP Global Senior Corporate Loans                    | France      | Full             | (2)        | -            | -      | Full             | (2)        | -            | -      |
| BNPP Money 3M   | France      |                  |            |              |        |                  |            |              | S3     |
| Cardimmo  | France      | Full             | (2)        | -            | -      | Full             | (2)        | -            | -      |
| Natio Fonds Ampère 1                                  | France      | Full             | (2)        | -            | -      | Full             | (2)        | -            | -      |
| Odysée SCI  | France      | Full             | (2)        | -            | -      | Full             | (2)        | -            | -      |
| Proflera Monde Equilibre                              | France      |                  |            |              |        |                  |            |              | S4     |
| Société Immobilière du Royal Building SA              | Luxembourg  | Full             | (2)        | -            | -      | Full             | (2)        | -            | -      |
| Theam Quant Europe Guru                               | France      |                  |            |              | S2     | Full             | (2)        | -            | E1     |
| <b>Wealth Management</b>                              |             |                  |            |              |        |                  |            |              |        |
| B'Capital   | France      | Full             | (1)        | 100.0%       | 100.0% | Full             | (1)        | 100.0%       | 100.0% |
| Bank Insinger de Beaufort NV                          | Netherlands |                  |            |              | S2     | Full             |            | 63.0%        | 63.0%  |
| Bank Insinger de Beaufort NV (UK branch)              | UK          |                  |            |              | S2     | Full             |            | 100.0%       | 63.0%  |
| BNPP Espana SA  | Spain       | Full             |            | 99.7%        | 99.7%  | Full             |            | 99.7%        | 99.7%  |
| BNPP Wealth Management                                | France      |                  |            |              | S4     | Full             | (1)        | 100.0%       | 100.0% |
| BNPP Wealth Management (Hong Kong branch)             | Hong Kong   |                  |            |              | S4     | Full             | (1)        | 100.0%       | 100.0% |
| BNPP Wealth Management (Singapore branch)             | Singapore   |                  |            |              | S4     | Full             | (1)        | 100.0%       | 100.0% |
| BNPP Wealth Management Monaco                         | Monaco      | Full             | (1)        | 100.0%       | 100.0% | Full             | (1)        | 100.0%       | 100.0% |
| Conseil Investissement SNC                            | France      | Equity *         |            | 100.0%       | 100.0% | Equity *         |            | 100.0%       | 100.0% |
| <b>Investment Partners</b>                            |             |                  |            |              |        |                  |            |              |        |
| Alfred Berg Asset Management AB                       | Sweden      | Full             |            | 100.0%       | 98.3%  | Full             |            | 100.0%       | 98.3%  |
| Alfred Berg Asset Management AB (Denmark branch)      | Denmark     |                  |            |              | S1     | Full             |            | 100.0%       | 98.3%  |
| Alfred Berg Asset Management AB (Finland branch)      | Finland     | Full             |            | 100.0%       | 98.3%  | Full             |            | 100.0%       | 98.3%  |
| Alfred Berg Asset Management AB (Norway branch)       | Norway      | Full             |            | 100.0%       | 98.3%  | Full             |            | 100.0%       | 98.3%  |
| Alfred Berg Fonder AB                                 | Sweden      | Full             |            | 100.0%       | 98.3%  | Full             |            | 100.0%       | 98.3%  |
| Alfred Berg Kapitalforvaltning AB                     | Sweden      | Full             |            | 100.0%       | 98.3%  | Full             |            | 100.0%       | 98.3%  |
| Alfred Berg Kapitalforvaltning AS                     | Norway      | Full             |            | 100.0%       | 98.3%  | Full             |            | 100.0%       | 98.3%  |
| Alfred Berg Kapitalforvaltning Finland AB             | Finland     | Full             |            | 100.0%       | 98.3%  | Full             |            | 100.0%       | 98.3%  |
| Alfred Berg Rahastusohio Oy                           | Finland     | Full             |            | 100.0%       | 98.3%  | Full             |            | 100.0%       | 98.3%  |
| Bancoestado Administradora General de Fondos SA       | Chile       | Equity           |            | 50.0%        | 49.1%  | Equity           |            | 50.0%        | 49.1%  |
| BNPP Asset Management Brasil Ltda                     | Brazil      | Full             |            | 100.0%       | 99.6%  | Full             |            | 100.0%       | 99.6%  |
| BNPP Asset Management Inc                             | USA         |                  |            |              |        |                  |            |              | S4     |
| BNPP Asset Management India Private Ltd               | India       | Equity *         |            | 100.0%       | 98.3%  | Equity *         |            | 100.0%       | 98.3%  |
| BNPP Asset Management SAS                             | France      | Full             |            | 100.0%       | 98.3%  | Full             |            | 100.0%       | 98.3%  |
| BNPP Asset Management SAS (Austria branch)            | Austria     | Full             |            | 100.0%       | 98.3%  | Full             |            | 100.0%       | 98.3%  |
| BNPP Capital Partners                                 | France      | Equity *         |            | 100.0%       | 100.0% | Equity *         |            | 100.0%       | 100.0% |
| BNPP Investment Partners                              | France      | Full             |            | 100.0%       | 98.3%  | Full             |            | 100.0%       | 98.3%  |
| BNPP Investment Partners (Australia) Holdings Pty Ltd | Australia   | Full             |            | 100.0%       | 98.3%  | Full             |            | 100.0%       | 98.3%  |
| BNPP Investment Partners (Australia) Ltd              | Australia   | Equity *         |            | 100.0%       | 98.3%  | Equity *         |            | 100.0%       | 98.3%  |
| BNPP Investment Partners Argentina SA                 | Argentina   | Equity *         |            | 100.0%       | 99.6%  | Equity *         |            | 100.0%       | 99.6%  |
| BNPP Investment Partners Asia Ltd                     | Hong Kong   | Full             |            | 100.0%       | 98.3%  | Full             |            | 100.0%       | 98.3%  |
| BNPP Investment Partners BE Holding                   | Belgium     | Full             |            | 100.0%       | 98.3%  | Full             |            | 100.0%       | 98.3%  |
| BNPP Investment Partners Belgium                      | Belgium     | Full             |            | 100.0%       | 98.3%  | Full             |            | 100.0%       | 98.3%  |
| BNPP Investment Partners Belgium (Germany branch)     | Germany     | Full             |            | 100.0%       | 98.3%  | Full             |            | 100.0%       | 98.3%  |
| BNPP Investment Partners Funds Nederland NV           | Netherlands | Full             |            | 100.0%       | 98.3%  | Full             |            | 100.0%       | 98.3%  |
| BNPP Investment Partners Japan Ltd                    | Japan       | Full             |            | 100.0%       | 98.3%  | Full             |            | 100.0%       | 98.3%  |
| BNPP Investment Partners Latam SA                     | Mexico      | Equity *         |            | 99.1%        | 97.4%  | Equity *         |            | 99.1%        | 97.4%  |
| BNPP Investment Partners Luxembourg                   | Luxembourg  | Full             |            | 99.7%        | 98.0%  | Full             |            | 99.7%        | 98.0%  |
| BNPP Investment Partners Netherlands NV               | Netherlands | Full             |            | 100.0%       | 98.3%  | Full             |            | 100.0%       | 98.3%  |
| BNPP Investment Partners NL Holding NV                | Netherlands | Full             |            | 100.0%       | 98.3%  | Full             |            | 100.0%       | 98.3%  |
| BNPP Investment Partners PT                           | Indonesia   | Full             |            | 100.0%       | 98.3%  | Full             |            | 100.0%       | 98.3%  |

|  |                      | 31 December 2016 |            |              |      | 31 December 2015 |            |              |      |
|--|----------------------|------------------|------------|--------------|------|------------------|------------|--------------|------|
| Name   | Country              | Method           | Voting (%) | Interest (%) | Ref. | Method           | Voting (%) | Interest (%) | Ref. |
| BNPP InvestmentPartners Singapore Ltd                              | Singapore            | Equity *         | 100.0%     | 98.3%        |      | Equity *         | 100.0%     | 98.3%        |      |
| BNPP InvestmentPartners Societa di Gestione del Risparmio SPA      | Italy                | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       | V4   |
| BNPP InvestmentPartners UK Ltd                                     | UK                   | Ful              | 100.0%     | 98.3%        |      | Ful              | 100.0%     | 98.3%        |      |
| BNPP InvestmentPartners USA Holdings Inc                           | USA                  | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| CamGeston  | France               | Ful              | 100.0%     | 98.3%        |      | Ful              | 100.0%     | 98.3%        |      |
| Fischer Francis Trees & Waits Inc                                  | USA                  | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| Fischer Francis Trees & Waits UK Ltd                               | UK                   |                  |            |              | S3   | Equity *         | 100.0%     | 98.3%        |      |
| Fund Channel   | Luxembourg           | Equity           | 50.0%      | 49.1%        |      | Equity           | 50.0%      | 49.1%        |      |
| FundQuest Advisor  | France               | Equity *         | 100.0%     | 98.3%        |      | Equity *         | 100.0%     | 98.3%        |      |
| FundQuest Advisor (UK branch)                                      | UK                   | Equity *         | 100.0%     | 98.3%        |      | Equity *         | 100.0%     | 98.3%        |      |
| Halting - Fortis Private Equity Fund Management Co Ltd             | China                | Equity           | 33.0%      | 32.4%        |      | Equity           | 33.0%      | 32.4%        |      |
| HFT Investment Management Co Ltd                                   | China                | Equity           | 49.0%      | 48.2%        |      | Equity           | 49.0%      | 48.2%        |      |
| Shirhan BNPP Asset Management Co Ltd                               | Rep. of Korea        | Equity           | 35.0%      | 34.4%        |      | Equity           | 35.0%      | 34.4%        |      |
| THEAM  | France               | Ful              | 100.0%     | 98.3%        |      | Ful              | 100.0%     | 98.3%        |      |
| TKB BNPP InvestmentPartners Holding BV                             | Netherlands          |                  |            |              |      |                  |            |              | S2   |
| Real Estate Services   |                      |                  |            |              |      |                  |            |              |      |
| Alterreal Netherlands BV   | Netherlands          | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| Auguste-Thouard Expertise  | France               | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Immobilier Promotion Immobilier d'Entreprise                  | France               | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Immobilier Promotion Residentiel                              | France               | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Immobilier Residences Services                                | France               | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Immobilier Residentiel  | France               | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Immobilier Residentiel Service Clients                        | France               | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Immobilier Residentiel Transaction & Conseil France           | France               | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Immobilier Residentiel V2i                                    | France               |                  |            |              |      |                  |            |              | S4   |
| BNPP Real Estate   | France               | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate (Dubai)branch)                                    | United Arab Emirates | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Advisory & Property Management Czech Republic SRO | Czech Republic       | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Advisory & Property Management Hungary Ltd        | Hungary              | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Advisory & Property Management Ireland Ltd        | Ireland              | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Advisory & Property Management LLC                | United Arab Emi      |                  |            |              |      |                  |            |              | S3   |
| BNPP Real Estate Advisory & Property Management Luxembourg SA      | Luxembourg           | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Advisory & Property Management UK Ltd             | UK                   | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Advisory Belgium SA                               | Belgium              | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Advisory Italy SPA                                | Italy                | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Advisory Netherlands BV                           | Netherlands          | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Advisory SA                                       | Romania              | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Advisory Spain SA                                 | Spain                | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Consult France                                    | France               | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Consult GmbH                                      | Germany              | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Facilities Management Ltd                         | UK                   | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Financial Partner                                 | France               | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate GmbH  | Germany              | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Holding Benelux SA                                | Belgium              | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Holding GmbH                                      | Germany              | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Hotels France                                     | France               | Ful              | 100.0%     | 96.3%        | V4   | Ful              | 100.0%     | 96.0%        | V3   |
| BNPP Real Estate Investment Management Belgium                     | Belgium              | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Investment Management France                      | France               | Ful              | 100.0%     | 100.0%       | V1   | Ful              | 96.8%      | 96.8%        |      |
| BNPP Real Estate Investment Management Germany GmbH                | Germany              | Ful              | 94.9%      | 94.9%        |      | Ful              | 94.9%      | 94.9%        |      |
| BNPP Real Estate Investment Management Germany GmbH (Italy branch) | Italy                | Ful              | 100.0%     | 94.9%        |      | Ful              | 100.0%     | 94.9%        |      |
| BNPP Real Estate Investment Management Germany GmbH (Spain branch) | Spain                | Ful              | 100.0%     | 94.9%        |      | Ful              | 100.0%     | 94.9%        |      |
| BNPP Real Estate Investment Management Italy                       | Italy                | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Investment Management Ltd                         | UK                   | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Investment Management Luxembourg SA               | Luxembourg           | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Investment Management Spain SA                    | Spain                | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Investment Management UK Ltd                      | UK                   | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Investment Services                               | France               | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Italy SRL   | Italy                | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Jersey Ltd  | Jersey               | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Poland SP ZOO                                     | Poland               | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Property Development UK Ltd                       | UK                   | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Property Developpement Italy SPA                  | Italy                | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Property Management Belgium                       | Belgium              | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Property Management France SAS                    | France               | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Property Management GmbH                          | Germany              | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Property Management Italy SRL                     | Italy                | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Property Management Spain SA                      | Spain                | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| BNPP Real Estate Transaction France                                | France               | Ful              | 96.3%      | 96.3%        | V1   | Ful              | 96.0%      | 96.0%        | V2   |
| BNPP Real Estate Valuation France                                  | France               | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |
| Construction-Sale Companies (Real Estate programs) (d)             | France               | Ful / Equity     | -          | -            |      | Ful / Equity     | -          | -            |      |
| EG Inoenergie et Promotion Immobiliere                             | France               | Ful              | 100.0%     | 100.0%       |      | Ful              | 100.0%     | 100.0%       |      |

| Name  | Country     | 31 December 2016 |            |              |      | 31 December 2015 |            |              |      |
|---|-------------|------------------|------------|--------------|------|------------------|------------|--------------|------|
|   |             | Method           | Voting (%) | Interest (%) | Ref. | Method           | Voting (%) | Interest (%) | Ref. |
| ImmoBiere des Bergues   | France      | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Lochi SRL   | Italy       | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       | E1   |
| Meunier Hispania  | Spain       |                  |            |              | S1   | Full             | 100.0%     | 100.0%       |      |
| Parker Tower Ltd  | UK          | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       | E3   |
| Partner's & Services  | France      | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Pyrobox GB 1 SA   | Luxembourg  | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Pyrobox SARL  | Luxembourg  | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| REPD Parker Ltd   | UK          | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       | E2   |
| San Basilio 45 SRL  | Italy       |                  |            |              | S2   | Full             | 100.0%     | 100.0%       |      |
| Siège Issy  | France      | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Sviluppo Residenziale Italia SRL  | Italy       | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Via Cresp 26 SRL  | Italy       |                  |            |              |      |                  |            |              | S2   |
| <b>Corporate &amp; Institutional Banking</b>  |             |                  |            |              |      |                  |            |              |      |
| <b>Securities services</b>  |             |                  |            |              |      |                  |            |              |      |
| BNPP Dealing Services   | France      | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| BNPP Dealing Services (UK branch)   | UK          | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| BNPP Dealing Services Asia Ltd  | Hong Kong   | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP Fund Administration Services Ireland Ltd   | Ireland     | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       | E3   |
| BNPP Fund Services Australasia Pty Ltd  | Australia   | Equity *         | 100.0%     | 100.0%       |      | Equity *         | 100.0%     | 100.0%       | D1   |
| BNPP Fund Services Australasia Pty Ltd (New Zealand branch)   | New Zealand | Equity *         | 100.0%     | 100.0%       |      | Equity *         | 100.0%     | 100.0%       | D1   |
| BNPP Fund Services Dublin Ltd   | Ireland     |                  |            |              |      |                  |            |              | S4   |
| BNPP Fund Services France   | France      |                  |            |              | S4   | Full             | 100.0%     | 100.0%       |      |
| BNPP Global Securities Operations Private Ltd (Ex-BNPP Sunderland Global Securities Operations Private Ltd) | India       | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       | V1   |
| BNPP Securities Services  | France      | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| BNPP Securities Services (Australasia branch)   | Australia   | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| BNPP Securities Services (Belgium branch)   | Belgium     | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| BNPP Securities Services (Germany branch)   | Germany     | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| BNPP Securities Services (Greece branch)  | Greece      | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| BNPP Securities Services (Guernsey branch)  | Guernsey    | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| BNPP Securities Services (Hong Kong branch)   | Hong Kong   | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| BNPP Securities Services (Hungary branch)   | Hungary     | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| BNPP Securities Services (Ireland branch)   | Ireland     | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| BNPP Securities Services (Italy branch)   | Italy       | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| BNPP Securities Services (Jersey branch)  | Jersey      | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| BNPP Securities Services (Luxembourg branch)  | Luxembourg  | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| BNPP Securities Services (Netherlands branch)   | Netherlands | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| BNPP Securities Services (Poland branch)  | Poland      | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| BNPP Securities Services (Portugal branch)  | Portugal    | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| BNPP Securities Services (Singapore branch)   | Singapore   | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| BNPP Securities Services (Spain branch)   | Spain       | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| BNPP Securities Services (Switzerland branch)   | Switzerland | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| BNPP Securities Services (UK branch)  | UK          | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| <b>CIB EMEA (Europ, Middle East, Africa)</b>  |             |                  |            |              |      |                  |            |              |      |
| <b>France</b>   |             |                  |            |              |      |                  |            |              |      |
| BNPP Arbitrage  | France      | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| BNPP Arbitrage (UK branch)  | UK          | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| Esomet  | France      | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Lafite Participation 22   | France      | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Opéra Trading Capital   | France      | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       | E2   |
| Opéra Trading Capital (Hong Kong branch)  | Hong Kong   | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       | E2   |
| Opéra Trading Capital (UK branch)   | UK          | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       | E2   |
| Parilease   | France      | Full (1)         | 100.0%     | 100.0%       |      | Full (1)         | 100.0%     | 100.0%       |      |
| Talbot Participation 3 SNC  | France      | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Vener Investments   | France      | Equity           | 40.0%      | 50.0%        |      | Equity           | 40.0%      | 50.0%        |      |
| <b>Structured Entities</b>  |             |                  |            |              |      |                  |            |              |      |
| Arlin Participation 8   | France      |                  |            |              | S4   | Full             | -          | -            |      |
| Atargals  | France      | Full             | -          | -            |      | Full             | -          | -            |      |
| Austin Finance  | France      | Full             | -          | -            |      | Full             | -          | -            |      |
| BNPP Flexi II Deposit Euro  | France      |                  |            |              |      |                  |            |              | S2   |
| Compagnie d'Investissement Italiens   | France      | Full             | -          | -            |      | Full             | -          | -            |      |
| Compagnie d'Investissement Opéra  | France      | Full             | -          | -            |      | Full             | -          | -            |      |
| Financière des Italiens   | France      | Full             | -          | -            |      | Full             | -          | -            |      |
| Financière Paris Haussmann  | France      | Full             | -          | -            |      | Full             | -          | -            |      |
| Financière Talbot   | France      | Full             | -          | -            |      | Full             | -          | -            |      |
| Mediterranée  | France      | Full             | -          | -            |      | Full             | -          | -            |      |
| Ogilchamps  | France      | Full             | -          | -            |      | Full             | -          | -            |      |
| Participations Opéra  | France      | Full             | -          | -            |      | Full             | -          | -            |      |
| <b>Other European countries</b>   |             |                  |            |              |      |                  |            |              |      |
| Alpha Mucos Holding BV  | Netherlands | Equity *         | 100.0%     | 99.9%        |      | Equity *         | 100.0%     | 99.9%        |      |
| BNP PUK Holding Ltd   | UK          | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP Arbitrage Insurance BV   | Netherlands | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP Bank JSC   | Russia      | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP Commodity Futures Ltd  | UK          | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP Emission-und Handel GmbH   | Germany     | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP Ireland Unlimited Company (Ex- BNPP Ireland)   | Ireland     | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP Islamic Insurance BV   | Netherlands | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP Net Ltd  | UK          | Equity *         | 100.0%     | 100.0%       |      | Equity *         | 100.0%     | 100.0%       |      |
| BNPP Prime Brokerage International Ltd  | Ireland     | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP UK Holdings Ltd  | UK          | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |

|  |              | 31 December 2016 |            |              |      | 31 December 2015 |            |              |      |
|--|--------------|------------------|------------|--------------|------|------------------|------------|--------------|------|
| Name   | Country      | Method           | Voting (%) | Interest (%) | Ref. | Method           | Voting (%) | Interest (%) | Ref. |
| BNPP UK Ltd  | UK           | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP Varty Reinsurance Ltd                               | Ireland      | Equity *         | 100.0%     | 100.0%       |      | Equity *         | 100.0%     | 100.0%       | D1   |
| FScholen   | Belgium      | Equity           | 50.0%      | 50.0%        |      | Equity           | 50.0%      | 50.0%        |      |
| GreenStars BNPP  | Luxembourg   | Equity *         | 100.0%     | 100.0%       |      | Equity *         | 100.0%     | 100.0%       |      |
| Harewood Holdings Ltd                                    | UK           | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Hime Holding 1 SA  | Luxembourg   |                  |            |              |      |                  |            |              | S3   |
| Hime Holding 2 SA  | Luxembourg   |                  |            |              |      |                  |            |              | S3   |
| Hime Holding 3 SA  | Luxembourg   |                  |            |              |      |                  |            |              | S3   |
| Landscape Ltd  | UK           | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| SC Nueva Condo Murcia SL                                 | Spain        | Equity *         | 100.0%     | 99.9%        |      | Equity *         | 100.0%     | 99.9%        |      |
| Ulexam Logistics Ltd                                     | Ireland      | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Ulexam Solutions Ltd                                     | Ireland      | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Structured Entities                                      |              |                  |            |              |      |                  |            |              |      |
| 54 Lombard Street Investments Ltd                        | UK           |                  |            |              |      |                  |            |              | S1   |
| Aledra Finance PLC                                       | Ireland      | Full             | -          | -            |      | Full             | -          | -            |      |
| Alleray SARL   | Luxembourg   |                  |            |              | S1   | Full             | -          | -            |      |
| Aquarius + Investments PLC                               | Ireland      | Full             | -          | -            |      | Full             | -          | -            |      |
| BNPP International Finance Dublin                        | Ireland      | Full             | -          | -            |      | Full             | -          | -            |      |
| BNPP Investments N°1 Ltd                                 | UK           | Full             | -          | -            |      | Full             | -          | -            |      |
| BNPP Investments N°2 Ltd                                 | UK           | Full             | -          | -            |      | Full             | -          | -            |      |
| BNPP IP Euro Clo 2015-1 BV                               | Netherlands  |                  |            |              |      |                  |            |              | S3   |
| Boug BV  | Netherlands  | Full             | -          | -            |      | Full             | -          | -            | V1   |
| Boug BV (UK branch)                                      | UK           | Full             | -          | -            |      |                  |            |              |      |
| Crossen SARL   | Luxembourg   |                  |            |              | S3   | Full             | -          | -            |      |
| European Index Assets BV                                 | Netherlands  |                  |            |              |      |                  |            |              | S2   |
| Harewood Financing Ltd                                   | UK           |                  |            |              | S3   | Full             | -          | -            |      |
| Madson Arbor Ltd   | Ireland      | Full             | -          | -            |      | Full             | -          | -            |      |
| Mathpoint Finance Public Company Ltd                     | Ireland      | Full             | -          | -            |      | Full             | -          | -            |      |
| Omega Capital Funding Ltd                                | Ireland      | Full             | -          | -            |      | Full             | -          | -            |      |
| Omega Capital Investments PLC                            | Ireland      | Full             | -          | -            |      | Full             | -          | -            |      |
| Royale Neuve 1 SARL                                      | Luxembourg   |                  |            |              | S1   | Full             | -          | -            |      |
| Scaldis Capital (Ireland) Ltd                            | Ireland      |                  |            |              | S3   | Full             | -          | -            |      |
| Scaldis Capital Ltd                                      | Jersey       | Full             | -          | -            |      | Full             | -          | -            |      |
| Middle East  |              |                  |            |              |      |                  |            |              |      |
| BNPP Investment Company KSA                              | Saudi Arabia | Equity *         | 100.0%     | 100.0%       |      | Equity *         | 100.0%     | 100.0%       |      |
| Africa   |              |                  |            |              |      |                  |            |              |      |
| BNPP Securities South Africa Holdings PTY Ltd            | South Africa | Equity *         | 60.0%      | 60.0%        |      | Equity *         | 60.0%      | 60.0%        |      |
| BNPP Securities South Africa PTY Ltd                     | South Africa | Equity *         | 100.0%     | 60.0%        |      | Equity *         | 100.0%     | 60.0%        | V1   |
| CIB Americas   |              |                  |            |              |      |                  |            |              |      |
| Banco BNPP Brasil SA                                     | Brazil       | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Banexi Holding Corporation                               | USA          | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP (Canada) Valeurs Mobilières                         | Canada       | Equity *         | 100.0%     | 100.0%       |      | Equity *         | 100.0%     | 100.0%       |      |
| BNPP Capital Services Inc                                | USA          | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP CC Inc  | USA          | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP Colombia Corporación Financiera SA                  | Colombia     | Equity *         | 100.0%     | 100.0%       |      | Equity *         | 100.0%     | 100.0%       |      |
| BNPP Energy Trading Canada Corp                          | Canada       |                  |            |              | S3   | Equity *         | 100.0%     | 100.0%       |      |
| BNPP Energy Trading GP                                   | USA          | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP Energy Trading Holdings Inc                         | USA          | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP Energy Trading LLC                                  | USA          | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP FS LLC  | USA          | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP IT Solutions Canada Inc                             | Canada       | Equity *         | 100.0%     | 100.0%       |      | Equity *         | 100.0%     | 100.0%       | E1   |
| BNPP Leasing Corporation                                 | USA          | Equity *         | 100.0%     | 100.0%       | D1   | Full             | 100.0%     | 100.0%       |      |
| BNPP Mortgage Corp                                       | USA          |                  |            |              | S4   | Full             | 100.0%     | 100.0%       |      |
| BNPP North America Inc                                   | USA          | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP Prime Brokerage Inc                                 | USA          | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP RCC Inc   | USA          | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP Securities Corp                                     | USA          | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| BNPP USA Inc (Ex- Paribas North America Inc)             | USA          | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Corporation BNPP Canada (Ex- BNPP Canada)                | Canada       | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Cronos Holding Company Ltd                               | Bermuda      |                  |            |              |      |                  |            |              | S3   |
| FB Transportation Capital LLC                            | USA          |                  |            |              | S1   | Full             | 100.0%     | 99.9%        |      |
| Foris Funding LLC  | USA          |                  |            |              | S3   | Full             | 100.0%     | 99.9%        |      |
| French American Banking Corporation                      | USA          | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| FSI Holdings Inc   | USA          | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Via North America Inc                                    | USA          | Full             | 100.0%     | 100.0%       |      | Full             | 100.0%     | 100.0%       |      |
| Structured Entities                                      |              |                  |            |              |      |                  |            |              |      |
| Alamo Funding II Inc                                     | USA          |                  |            |              |      |                  |            |              | S2   |
| BNPP EQO Brazil Fund Fundo Invest Multimercado: Brazil   | Brazil       | Full             | -          | -            |      | Full             | -          | -            |      |
| BNPP Finance Inc   | USA          |                  |            |              | S3   | Full             | -          | -            |      |
| BNPP Proprietario Fundo de Investimento Multimercado     | Brazil       | Full             | -          | -            |      | Full             | -          | -            |      |
| BNPP VPG Adonis LLC                                      | USA          | Full             | -          | -            |      | Full             | -          | -            |      |
| BNPP VPG Brookline LLC                                   | USA          | Full             | -          | -            |      | Full             | -          | -            |      |
| BNPP VPG Brookline Cre LLC                               | USA          | Full             | -          | -            |      | Full             | -          | -            |      |
| BNPP VPG CT Holdings LLC                                 | USA          | Full             | -          | -            |      | Full             | -          | -            |      |
| BNPP VPG EDMC Holdings LLC                               | USA          | Full             | -          | -            |      | Full             | -          | -            |      |
| BNPP VPG Express LLC (Ex- BNPP VPG Modern Lux Media LLC) | USA          | Full             | -          | -            |      | Full             | -          | -            |      |
| BNPP VPG Freedom Communications LLC                      | USA          | Full             | -          | -            |      | Full             | -          | -            |      |
| BNPP VPG Lake Butler LLC                                 | USA          |                  |            |              |      |                  |            |              | S1   |
| BNPP VPG Legacy Cabinets LLC                             | USA          | Full             | -          | -            |      | Full             | -          | -            |      |
| BNPP VPG Mark IV LLC                                     | USA          | Full             | -          | -            |      | Full             | -          | -            |      |
| BNPP VPG Masker LLC                                      | USA          | Full             | -          | -            |      | Full             | -          | -            |      |
| BNPP VPG Medianews Group LLC                             | USA          |                  |            |              |      | Full             | -          | -            |      |
| BNPP VPG Northeast LLC                                   | USA          | Full             | -          | -            |      | Full             | -          | -            |      |

| Name   | Country        | 31 December 2016 |            |              |        | 31 December 2015 |            |              |        |
|--|----------------|------------------|------------|--------------|--------|------------------|------------|--------------|--------|
|  |                | Method           | Voting (%) | Interest (%) | Ref.   | Method           | Voting (%) | Interest (%) | Ref.   |
| BNPP VPG Pacex LLC (Ex- BNPP VPG CB LLC)                                 | USA            | Full             | -          | -            |        | Full             | -          | -            |        |
| BNPP VPG PCMC LLC  | USA            | Full             | -          | -            |        | Full             | -          | -            |        |
| BNPP VPG SBX Holdings LLC  | USA            | Full             | -          | -            |        | Full             | -          | -            |        |
| BNPP VPG SDI Media Holdings LLC  | USA            | Full             | -          | -            |        | Full             | -          | -            |        |
| BNPP VPG Titan Outdoor LLC   | USA            |                  |            |              |        |                  |            |              | S1     |
| Marc Finance Ltd   | Cayman Islands |                  |            |              |        |                  |            |              | S3     |
| Matchpoint Master Trust  | USA            |                  |            |              | S1     | Full             | -          | -            |        |
| Ozcar Multi-Strategies LLC   | USA            | Equity *         | -          | -            | E1     |                  |            |              |        |
| Scalds Capital LLC   | USA            |                  |            |              |        |                  |            |              | S1     |
| Sterbird Funding Corporation   | USA            | Full             | -          | -            |        | Full             | -          | -            |        |
| TCG Fund I LP  | Cayman Islands |                  |            |              |        |                  |            |              | S1     |
| Tender Option Bond Municipal program                                     | USA            |                  |            |              |        |                  |            |              | S3     |
| VPG SDI Media LLC  | USA            | Equity *         | -          | -            |        | Equity *         | -          | -            | V1     |
| <b>CIB Pacific Asia</b>  |                |                  |            |              |        |                  |            |              |        |
| Bank BNPP Indonesia PT   | Indonesia      | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| BNP Pacific (Australia) Ltd  | Australia      | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| BNPP (China) Ltd   | China          | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| BNPP Arbitrage (Hong Kong) Ltd   | Hong Kong      | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| BNPP Capital (Asia Pacific) Ltd  | Hong Kong      |                  |            |              |        |                  |            |              | S3     |
| BNPP Commodities Trading (Shanghai) Co Ltd                               | China          | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| BNPP Finance (Hong Kong) Ltd   | Hong Kong      | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| BNPP India Holding Private Ltd   | India          | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| BNPP India Solutions Private Ltd   | India          | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| BNPP Malaysia Berhad   | Malaysia       | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| BNPP Securities (Asia) Ltd   | Hong Kong      | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| BNPP Securities (Singapore) Pte Ltd                                      | Singapore      | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| BNPP Securities (Taiwan) Co Ltd  | Taiwan         | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| BNPP Securities India Private Ltd  | India          | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| BNPP Securities Indonesia PT   | Indonesia      | Full             | 99.0%      | 99.0%        |        | Full             | 99.0%      | 99.0%        |        |
| BNPP Securities Japan Ltd  | Japan          | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| BNPP Securities Korea Company Ltd  | Rep. of Korea  | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| BNPP SJ Ltd  | Hong Kong      | Equity *         | 100.0%     | 100.0%       |        | Equity *         | 100.0%     | 100.0%       |        |
| BNPP SJ Ltd (Japan branch)   | Japan          | Equity *         | 100.0%     | 100.0%       |        | Equity *         | 100.0%     | 100.0%       |        |
| BPP Holdings Pte Ltd   | Singapore      | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| <b>Structured Entities</b>   |                |                  |            |              |        |                  |            |              |        |
| ACG Capital Partners Singapore Pte Ltd                                   | Singapore      |                  |            |              |        |                  |            |              | S2     |
| <b>Other Business Units</b>  |                |                  |            |              |        |                  |            |              |        |
| BNPP Suisse SA   | Switzerland    | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| BNPP Suisse SA (Guernsey branch)   | Guernsey       | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| BNPP Suisse SA (Jersey branch)   | Jersey         |                  |            |              | S1     | Full             | 100.0%     | 100.0%       |        |
| <b>Private Equity (BNP Paribas Capital)</b>                              |                |                  |            |              |        |                  |            |              |        |
| BNPP Fortis Private Equity Belgium                                       | Belgium        | Full             | 100.0%     | 99.9%        |        | Full             | 100.0%     | 99.9%        |        |
| BNPP Fortis Private Equity Expansion                                     | Belgium        | Full             | 100.0%     | 99.9%        |        | Full             | 100.0%     | 99.9%        |        |
| BNPP Fortis Private Equity Management                                    | Belgium        | Equity *         | 100.0%     | 99.9%        |        | Equity *         | 100.0%     | 99.9%        |        |
| Cobema   | Belgium        | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| Compagnie Financière Ottomane SA   | Luxembourg     | Full             | 97.2%      | 97.2%        | V1     | Full             | 97.1%      | 97.0%        | V1     |
| <b>Property companies (property used in operations)</b>                  |                |                  |            |              |        |                  |            |              |        |
| Anfin Participation 5  | France         | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| Société Immobilière du Marché Saint-Honoré                               | France         | Full             | 99.9%      | 99.9%        |        | Full             | 99.9%      | 99.9%        |        |
| <b>Investment companies and other subsidiaries</b>                       |                |                  |            |              |        |                  |            |              |        |
| BNPP Home Loan SFH   | France         | Full             | (1)        | 100.0%       | 100.0% |                  | Full       | 100.0%       | 100.0% |
| BNPP Méditerranée Innovation et Technologies                             | Morocco        |                  |            |              |        |                  |            |              | S2     |
| BNPP Partners for Innovation   | France         | Equity           | 50.0%      | 50.0%        |        | Equity           | 50.0%      | 50.0%        |        |
| BNPP Public Sector SCF   | France         | Full             | (1)        | 100.0%       | 100.0% |                  | (1)        | 100.0%       | 100.0% |
| BNPP SB Re   | Luxembourg     | Full             | (2)        | 100.0%       | 100.0% |                  | (2)        | 100.0%       | 100.0% |
| Compagnie d'Investissements de Paris                                     | France         |                  |            |              |        |                  |            |              | S4     |
| Financière BNPP  | France         |                  |            |              |        |                  |            |              | S4     |
| Financière du Marché Saint-Honoré  | France         | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| GIE Groupement Auxiliaire de Moyens                                      | France         | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| Le Sphinx Assurances Luxembourg SA                                       | Luxembourg     | Full             | (2)        | 100.0%       | 100.0% | D1               | Equity *   | 100.0%       | 100.0% |
| Lion International Investments SA (Ex- BNL International Investments SA) | Luxembourg     | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| Plagelin SA  | Luxembourg     | Full             | 100.0%     | 65.9%        |        | Full             | 100.0%     | 65.9%        |        |
| Sagip  | Belgium        | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| Société Auxiliaire de Construction Immobilière                           | France         | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| Société Orbaisienne de Participations                                    | France         | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| UCB Bail 2   | France         | Full             | 100.0%     | 100.0%       |        | Full             | 100.0%     | 100.0%       |        |
| <b>Structured Entities</b>   |                |                  |            |              |        |                  |            |              |        |
| BNPP B Institutional II Court Terme                                      | Belgium        | Full             | -          | -            |        | Full             | -          | -            | E1     |
| BNPP US Medium Term Notes Program LLC                                    | USA            |                  |            |              | S3     | Full             | -          | -            |        |
| BNPP-SME-1   | France         | Full             | -          | -            |        | Full             | -          | -            |        |
| FCT Laflite 2016   | France         | Full             | -          | -            | E2     |                  |            |              |        |
| FCT Opéra  | France         | Full             | -          | -            |        | Full             | -          | -            |        |
| <b>Klépierre</b>   |                |                  |            |              |        |                  |            |              |        |
| Klépierre SA   | France         |                  |            |              |        |                  |            |              | S2     |

#### Changes in the scope of consolidation

##### New entries (E) in the scope of consolidation

- E1 Passing qualifying thresholds as defined by the Group (see note 1.b)  
E2 Incorporation

- E3 Purchase, gain of control or significant influence

##### Removals (S) from the scope of consolidation

- S1 Cessation of activity (dissolution, liquidation, ...)  
S2 Disposal, loss of control or loss of significant influence  
S3 Passing qualifying thresholds as defined by the Group (see note 1.b)  
S4 Merger, Universal transfer of assets and liabilities

##### Variance (V) in voting or ownership interest

- V1 Additional purchase  
V2 Partial disposal  
V3 Dilution  
V4 Increase in %

Equity \* Controlled but non material entities consolidated under the equity method as associates

##### Miscellaneous

- D1 Consolidation method change not related to fluctuation in voting or ownership interest

##### Prudential scope of consolidation

- (1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council.  
(2) Insurance entities consolidated under the equity method for prudential purposes  
(3) Jointly controlled entities under proportional consolidation for prudential purposes.



## 7.k FEES PAID TO THE STATUTORY AUDITORS

| In 2016   | Deloitte      |             | PricewaterhouseCoopers Audit |             | Mazars        |             | TOTAL         |             |
|---|---------------|-------------|------------------------------|-------------|---------------|-------------|---------------|-------------|
| Excluding tax, in thousands of euros  | Total         | %           | Total                        | %           | Total         | %           | Total         | %           |
| <b>Audit</b>  |               |             |                              |             |               |             |               |             |
| Statutory audits and contractual audits, including  |               |             |                              |             |               |             |               |             |
| - Issuer  | 3,233         | 16%         | 5,185                        | 23%         | 1,969         | 18%         | 10,387        | 19%         |
| - Consolidated subsidiaries   | 10,375        | 49%         | 11,033                       | 49%         | 8,382         | 77%         | 29,790        | 55%         |
| Other reviews and services directly related to the statutory audit engagement, including <sup>(1)</sup> |               |             |                              |             |               |             |               |             |
| - Issuer  | 3,131         | 15%         | 1,311                        | 6%          | 16            | 0%          | 4,458         | 8%          |
| - Consolidated subsidiaries   | 1,900         | 9%          | 4,199                        | 18%         | 574           | 5%          | 6,673         | 12%         |
| <b>Sub-total</b>  | <b>18,639</b> | <b>89%</b>  | <b>21,728</b>                | <b>96%</b>  | <b>10,941</b> | <b>100%</b> | <b>51,308</b> | <b>94%</b>  |
| <b>Other services provided by the networks to fully-consolidated subsidiaries</b>                       |               |             |                              |             |               |             |               |             |
| Legal, tax, social  |               | 0%          | 70                           | 0%          |               | 0%          | 70            | 0%          |
| Others  | 2,379         | 11%         | 873                          | 4%          | 3             | 0%          | 3,255         | 6%          |
| <b>Sub-total</b>  | <b>2,379</b>  | <b>11%</b>  | <b>943</b>                   | <b>4%</b>   | <b>3</b>      | <b>0%</b>   | <b>3,325</b>  | <b>6%</b>   |
| <b>TOTAL</b>  | <b>21,018</b> | <b>100%</b> | <b>22,671</b>                | <b>100%</b> | <b>10,944</b> | <b>100%</b> | <b>54,633</b> | <b>100%</b> |

| In 2015  | Deloitte      |             | PricewaterhouseCoopers Audit |             | Mazars        |             | TOTAL         |             |
|--|---------------|-------------|------------------------------|-------------|---------------|-------------|---------------|-------------|
| Excluding tax, in thousands of euros   | Total         | %           | Total                        | %           | Total         | %           | Total         | %           |
| <b>Audit</b>   |               |             |                              |             |               |             |               |             |
| Statutory audits and contractual audits, including                                       |               |             |                              |             |               |             |               |             |
| - Issuer   | 3,254         | 16%         | 5,000                        | 22%         | 1,957         | 19%         | 10,211        | 19%         |
| - Consolidated subsidiaries  | 10,727        | 54%         | 10,036                       | 44%         | 7,785         | 76%         | 28,548        | 53%         |
| Other reviews and services directly related to the statutory audit engagement, including |               |             |                              |             |               |             |               |             |
| - Issuer   | 2,324         | 12%         | 2,119                        | 9%          | 246           | 2%          | 4,689         | 9%          |
| - Consolidated subsidiaries  | 2,211         | 11%         | 4,882                        | 21%         | 214           | 2%          | 7,307         | 14%         |
| <b>Sub-total</b>   | <b>18,516</b> | <b>93%</b>  | <b>22,037</b>                | <b>96%</b>  | <b>10,202</b> | <b>99%</b>  | <b>50,755</b> | <b>95%</b>  |
| <b>Other services provided by the networks to fully-consolidated subsidiaries</b>        |               |             |                              |             |               |             |               |             |
| Legal, tax, social   | 29            | 0%          | 96                           | 0%          | 2             | 0%          | 127           | 0%          |
| Others   | 1,376         | 7%          | 1,006                        | 4%          | 65            | 1%          | 2,447         | 5%          |
| <b>Sub-total</b>   | <b>1,405</b>  | <b>7%</b>   | <b>1,102</b>                 | <b>4%</b>   | <b>67</b>     | <b>1%</b>   | <b>2,574</b>  | <b>5%</b>   |
| <b>TOTAL</b>   | <b>19,921</b> | <b>100%</b> | <b>23,139</b>                | <b>100%</b> | <b>10,269</b> | <b>100%</b> | <b>53,329</b> | <b>100%</b> |

<sup>(1)</sup> In order to maintain comparability between the two exercises, this table displays the fees according to the typology existing before the implementation of the new audit standard of 17 June 2016. The new standard renders obsolete the distinction between «Other reviews and services directly related to the statutory audit engagement» and «Other services provided by the networks».

The audit fees paid to auditors which are not members of the network of one of the auditors certifying the consolidated financial statements and the non-consolidated financial statements of BNP Paribas SA, mentioned in the table above, amount to EUR 687 thousand for the year 2016 (EUR 934 thousand in 2015).

Other work and services related directly to audit work, are mainly composed this year of reviews of the entity's compliance with regulatory provisions, which were increased due to regulatory changes, and reviews of internal control quality by comparison with international standards (such as ISAE 3402) as part of services provided to customers, particularly in the Securities and Asset Management businesses. To a lesser extent, they also include works related to reviews of risks and internal control and due diligences on financial transactions.

**THIRD SUPPLEMENT DATED 12 April 2017  
TO THE BASE PROSPECTUS DATED 30 September 2016**



**BNP PARIBAS**

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**BNP Paribas Arbitrage Issuance B.V.**  
*(incorporated in The Netherlands)*  
*(as Issuer)*

**BNP Paribas**  
*(incorporated in France)*  
*(as Issuer and Guarantor)*

**NOTE, WARRANT AND CERTIFICATE PROGRAMME**

This third supplement (the "**Third Supplement**") is supplemental to, and should be read in conjunction with the Note, Warrant and Certificate Programme base prospectus dated 30 September 2016 (the "**Base Prospectus**"), the first supplement to the Base Prospectus dated 21 November 2016 (the "**First Supplement**"), the second supplement (the "**Second Supplement**") dated 9 March 2017, in each case, in relation to the issuance of Notes, Warrants and Certificates (as defined therein) by BNP Paribas Arbitrage Issuance B.V. ("**BNPP B.V.**") and BNP Paribas ("**BNPP**"). Terms defined in the Base Prospectus have the same meaning when used in this Second Supplement.

Each of BNPP B.V. (in respect of itself) and BNPP (in respect of itself and BNPP B.V.) accepts responsibility for the information contained in this Second Supplement. To the best of the knowledge of each of BNPP B.V. and BNPP (who have taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of this Third Supplement, the First Supplement, the Second Supplement, the Base Prospectus, the documents incorporated by reference therein and the documents incorporated by reference into the Base Prospectus as a result of this Third Supplement are available at the offices of the Swiss Securities Agent BNP Paribas Securities Services SA, Paris, Zurich Branch, currently located at Selnaustrasse 16, P.O. Box, CH-8022 Zurich, Switzerland, as further set out in the Base Prospectus.

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## A. AMENDMENTS AND SUPPLEMENTS TO THE BASE PROSPECTUS

The Base Prospectus is hereby amended and supplemented as set forth hereafter. The references to sections and pages used below refer to the sections and pages of the Base Prospectus as approved by SIX Swiss Exchange Ltd on 30 September 2016.

### OVERVIEW

- (a) The information under the heading "**1. Key information on BNPP**" under the "**Description of BNPP**" on page 8 of the Base Prospectus is deleted and replaced by the following information:

"BNPP is a European leading provider of banking and financial services and has four domestic retail banking markets in Europe, namely in Belgium, France, Italy and Luxembourg. It is present in 74 countries and has more than 192,000 employees, including more than 146,000 in Europe. BNPP is the parent company of the BNP Paribas Group (together the "**BNPP Group**"). BNPP B.V. is a wholly owned subsidiary of BNPP. ";

- (b) In heading "4. Selected key financial information", the sub-heading "**Comparative Interim Financial Data for the six-month period ended 30 June 2016 – In millions of EUR**" and the table under such heading and above the heading "**Comparative Interim Financial Data for the nine-month period ended 30 September 2016 – In millions of EUR**" (which was added to the Base Prospectus by virtue of the First Supplement) are deleted;

- (c) In heading "4. Selected key financial information", the sub-heading "**Comparative Interim Financial Data for the nine-month period ended 30 September 2016 – In millions of EUR**" and the table under such heading and above the heading "*Statements of no significant or material adverse change*" are deleted;

- (d) The first and the last paragraphs under the heading "*Statements of no significant or material adverse change*" are deleted and replaced with the following:

"There has been no significant change in the financial or trading position of the BNPP Group since 31 December 2016 (being the end of the last financial period for which audited financial statements have been published). There has been no material adverse change in the prospects of BNPP or the Group since 31 December 2016 (being the end of the last financial period for which audited financial statements have been published

To the best of the BNPP's knowledge, there have not been any recent events which are to a material extent relevant to the evaluation of BNPP's solvency since 31 December 2016.";

- (e) The information under the headings "**Risk Factors (Issuers and Guarantor)**" and "**BNPP**" on page 10 to 15 of the Base Prospectus is deleted and replaced by the following information:

|       |
|-------|
| "BNPP |
|-------|

As defined in BNPP's 2016 Registration Document and Annual Financial Report, eight main categories of risk are inherent in BNPP's activities:

(1) *Credit Risk* - Credit risk is the consequence resulting from the likelihood that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The probability of default and the expected recovery on the loan or receivable in the event of default are key components of the credit quality assessment;

(2) *Securitisation in the Banking Book* - Securitisation means a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranching, having the following characteristics:

- payments made in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures;
- the subordination of tranches determines the distribution of losses during the life of the risk transfer.

Any commitment (including derivatives and liquidity lines) granted to a securitisation operation must be treated as a securitisation exposure. Most of these commitments are held in the prudential banking book;

(3) *Counterparty Credit Risk* - Counterparty credit risk is the translation of the credit risk embedded in financial transactions, investments and/or settlement transactions between counterparties. Those transactions include bilateral contracts such as over-the-counter ("**OTC**") derivatives contracts as well as contracts settled through clearing houses. The amount of this risk may vary over time in line with changing market parameters which then impacts the replacement value of the relevant transactions.

Counterparty risk lies in the event that a counterparty defaults on its obligations to pay the Bank the full present value of the flows relating to a transaction or a portfolio for which the Bank is a net receiver. Counterparty credit risk is also linked to the replacement cost of a derivative or portfolio in the event of counterparty default. Hence, it can be seen as a market risk in case of default or a contingent risk. Counterparty risk arises both from both bilateral activities of BNP Paribas with clients and clearing activities through a clearing house or an external clearer;

(4) *Market Risk* - Market risk is the risk of incurring a loss of value due to adverse trends in market prices or parameters, whether directly observable or not.

Observable market parameters include, but are not limited to, exchange rates, prices of securities and commodities (whether listed or obtained by reference to a similar asset), prices of derivatives, and other parameters that can be directly inferred from them, such as interest rates, credit spreads, volatilities and implied correlations or other similar

parameters.

Non-observable factors are those based on working assumptions such as parameters contained in models or based on statistical or economic analyses, non-ascertainable in the market.

In fixed income trading books, credit instruments are valued on the basis of bond yields and credit spreads, which represent market parameters in the same way as interest rates or foreign exchange rates. The credit risk arising on the issuer of the debt instrument is therefore a component of market risk known as issuer risk.

Liquidity is an important component of market risk. In times of limited or no liquidity, instruments or goods may not be tradable or may not be tradable at their estimated value. This may arise, for example, due to low transaction volumes, legal restrictions or a strong imbalance between demand and supply for certain assets.

The market risk related to banking activities encompasses the risk of loss on equity holdings on the one hand, and the interest rate and foreign exchange risks stemming from banking intermediation activities on the other hand;

(5) *Liquidity Risk* - Liquidity risk is the risk that the Bank will not be able to honour its commitments or unwind or settle a position due to the market environment or idiosyncratic factors (i.e. specific to BNP Paribas), within a given timeframe and at a reasonable cost.

Liquidity risk reflects the risk of the Group being unable to fulfil current or future foreseen or unforeseen cash or collateral requirements, across all time horizons, from the short to the long term.

This risk may stem from the reduction in funding sources, draw down of funding commitments, a reduction in the liquidity of certain assets, or an increase in cash or collateral margin calls. It may be related to the bank itself (reputation risk) or to external factors (risks in some markets).

The Group's liquidity risk is managed under a global liquidity policy approved by the Group's ALM Committee. This policy is based on management principles designed to apply both in normal conditions and in a liquidity crisis. The Group's liquidity position is assessed on the basis of internal indicators and regulatory ratios.

(6) *Operational Risk* - Operational risk is the risk of incurring a loss due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Management of operational risk is based on an analysis of the "cause – event – effect" chain.

Internal processes giving rise to operational risk may involve employees and/or IT systems. External events include, but are not limited to floods, fire, earthquakes and terrorist attacks. Credit or market events such as default or fluctuations in value do not

fall within the scope of operational risk.

Operational risk encompasses fraud, human resources risks, legal risks, non-compliance risks, tax risks, information system risks, conduct risks (risks related to the provision of inappropriate financial services), risk related to failures in operating processes, including loan procedures or model risks, as well as any potential financial implications resulting from the management of reputation risks;

(7) *Compliance and Reputation Risk* - Compliance risk is defined in French regulations as the risk of legal, administrative or disciplinary sanctions, of significant financial loss or reputational damage that a bank may suffer as a result of failure to comply with national or European laws and regulations, codes of conduct and standards of good practice applicable to banking and financial activities, or instructions given by an executive body, particularly in application of guidelines issued by a supervisory body.

By definition, this risk is a sub-category of operational risk. However, as certain implications of compliance risk involve more than a purely financial loss and may actually damage the institution's reputation, the Bank treats compliance risk separately.

Reputation risk is the risk of damaging the trust placed in a corporation by its customers, counterparties, suppliers, employees, shareholders, supervisors and any other stakeholder whose trust is an essential condition for the corporation to carry out its day-to-day operations.

Reputation risk is primarily contingent on all the other risks borne by the Bank;

(8) *Insurance Risks* - BNP Paribas Cardif is exposed to the following risks:

- market risk, risk of a financial loss arising from adverse movements of financial markets. These adverse movements are notably reflected in prices (foreign exchange rates, bond prices, equity and commodity prices, derivatives prices, real estate prices...) and derived from fluctuations in interest rates, credit spreads, volatility and correlation;
- credit risk, risk of loss resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance and reinsurance undertakings are exposed. Among the debtors, risks related to financial instruments (including the banks in which the Company holds deposits) and risks related to receivables generated by the underwriting activities (premium collection, reinsurance recovering...) are distinguished into two categories: "Asset Credit Risk" and "Liabilities Credit Risk";
- underwriting risk is the risk of a financial loss caused by a sudden, unexpected increase in insurance claims. Depending on the type of insurance business (life, non-life), this risk may be statistical, macroeconomic or behavioural, or may be related to public health issues or disasters;

- operational risk is the risk of loss resulting from the inadequacy or failure of internal processes, IT failures or deliberate external events, whether accidental or natural. The external events mentioned in this definition include those of human or natural origin. "

### AMENDMENTS TO THE RISK FACTORS

The "Risk Factors" section on pages 21 to 43 of the Base Prospectus is amended by the deletion of the first paragraph under the heading "**Risks Relating to BNPP and its Industry**" (which was added to the Base Prospectus by virtue of the Second Supplement) and its replacement with the following:

"See Chapter 5 ("Risks and Capital Adequacy", except pages 253 to 274) of the BNPP 2016 Registration Document (in English) (as defined below), which is incorporated by reference in this document."

## **DESCRIPTION OF BNP PARIBAS ARBITRAGE ISSUANCE B.V. AND BNPP**

The "Description of BNP Paribas Arbitrage Issuance B.V. and BNPP " on pages 509 et seq. of the Base Prospectus is amended by the deletion of the sentence under the heading "**4. Trend Information**" and its replacement with the following:

"Due to BNPP B.V.'s dependence on BNPP its trend information is the same as that for BNPP set out on pages 127 to 128 of the BNPP 2016 Registration Document (in English).".

## **PRESENTATION OF FINANCIAL INFORMATION**

The second paragraph under the heading "Presentation of Financial Information" on page 5 of the Base Prospectus is deleted and replaced with the following:

"The audited consolidated financial statements of BNPP for the years ended 31 December 2014, 31 December 2015 and 31 December 2016 have been prepared in accordance with international financial reporting standards ("**IFRS**") as adopted by the European Union. IFRS differs in certain significant respects from generally accepted accounting principles in the United States ("**U.S. GAAP**"). The Group has made no attempt to quantify the impact of those differences. In making an investment decision, investors must rely upon their own examination of the BNP Paribas Group, the terms of an offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between IFRS and U.S. GAAP, and how those differences might affect the information herein. The Group's fiscal year ends on 31 December and references in the BNPP 2014 Registration Document, the BNPP 2015 Registration Document and the BNPP 2016 Registration Document (in English) (in each case, as defined in "Documents Incorporated by Reference" and incorporated by reference herein) to any specific fiscal year are to the 12-month period ended 31 December of such year."

## DOCUMENTS INCORPORATED BY REFERENCE

On 7 March 2017, BNPP filed with the AMF the *Document de référence 2016 et rapport financier annuel déposée auprès de l'AMF le 7 mars 2017* in French. The English version was made available on 17 March 2017, including the audited financial information of BNPP as at 31 December 2016 and the audit report thereon and, by virtue of this Third Supplement, is incorporated in, and forms part of, the Base Prospectus.

The "**DOCUMENTS INCORPORATED BY REFERENCE**" section on pages 69 to 77 of the Base Prospectus is amended as follows:

- (a) the word "and" at the end of paragraph (i) is deleted;
- (b) the "," at the end of paragraph (j) is deleted and replaced with "; and";
- (c) the following new paragraph (k) is added under paragraph (j):
  - "(k) BNPP's *Document de référence et rapport financier annuel* in English for 2016 including the consolidated financial statements for the year ended 31 December 2016 and the statutory auditors' report thereon other than the sections entitled "Person Responsible for the Update to the Registration Document", the "Table of Concordance" and any reference to a completion letter ("*Lettre de fin de travaux*" therein) with filing number D.17-0132 (the "**BNPP 2016 Registration Document (in English)**"),"
- (d) the following table is inserted immediately following the table entitled "Third Update to the BNPP 2015 Registration Document" (which was added to the Base Prospectus by virtue of the First Supplement)

| <b><i>BNPP 2016 REGISTRATION DOCUMENT (in English)</i></b>   |  |
|--|--|
| <b>3. Risk Factors</b>   |  |
| 3.1. Prominent disclosure of risk factors that may affect the Issuer's ability to fulfil its obligations under the securities to investors in a section headed "Risk Factors". | Pages 235 to 412 of the BNPP 2016 Registration Document (in English) |
| <b>4. Information about the Issuer</b>   |  |
| 4.1. History and development of the Issuer   | Page 5 of the BNPP 2016 Registration Document (in English)           |
| 4.1.1. The legal and commercial name of  | Page 539 of the BNPP 2016 Registration                               |



|  |  |
|--|--|
| the Issuer   | Document (in English)  |
| 4.1.2. The place of registration of the Issuer and its registration number;  | Pages 539 and 560 (back cover) of the BNPP 2016 Registration Document (in English)           |
| 4.1.3. The date of incorporation and the length of life of the Issuer, except where indefinite;  | Page 539 of the BNPP 2016 Registration Document (in English)                                 |
| 4.1.4.<br>- the domicile and legal form of the Issuer,<br><br>- the legislation under which the Issuer operates,<br><br>- its country of incorporation, and<br><br>- the address and telephone number of its registered office (or principal place of business if different from its registered office). | Pages 539 and 560 (back cover) of the BNPP 2016 Registration Document (in English)           |
| 4.1.5. Any recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.  | Page 126 of the BNPP 2016 Registration Document (in English)                                 |
| <b>5. Business Overview</b>  |  |
| 5.1.1. A brief description of<br><br>- the Issuer's principal activities stating,<br><br>- the main categories of products sold and/or services performed.   | Pages 6 to 15, 162 to 164 and 532 to 538 of the BNPP 2016 Registration Document (in English) |
| 5.1.2. An indication of any significant new products and/or activities.  | Pages 6 to 15, 162 to 164 and 532 to 538 of the BNPP 2016 Registration Document (in English) |
| 5.1.3. A brief description of the principal  | Pages 6 to 15, 162 to 164 and 532 to 538 of the BNPP 2016 Registration Document              |

|   |   |
|---|---|
| markets in which the Issuer competes.   | (in English)  |
| 5.1.4. The basis for any statements in the registration document made by the Issuer regarding its competitive position.   | Pages 6 to 15 and 104 to 115 of the BNPP 2016 Registration Document (in English)                |
| <b>6. Organisational Structure</b>  |   |
| 6.1. If the Issuer is part of a group, a brief description of the group and of the Issuer's position within it.   | Page 4 of the BNPP 2016 Registration Document (in English)                                      |
| 6.2. If the Issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.  | Pages 222 to 230, 448 to 450 and 532 to 537 of the BNPP 2016 Registration Document (in English) |
| <b>7. Trend Information</b>   |   |
| 7.2 Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year.  | Pages 127 to 128 of the BNPP 2016 Registration Document (in English)                            |
| <b>8. Profit Forecasts or Estimates</b>   |   |
| <p>8.1. A statement setting out the principal assumptions upon which the Issuer has based its forecast, or estimate.</p> <p>There must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies; be readily understandable by investors; be specific and precise; and not relate to the general accuracy of the estimates underlying the forecast.</p> | N/A   |

|   |   |
|---|---|
| <p>8.2. A report prepared by independent accountants or auditors stating that in the opinion of the independent accountants or auditors the forecast or estimate has been properly compiled on the basis stated, and that the basis of accounting used for the profit forecast or estimate is consistent with the accounting policies of the Issuer.</p> <p>Where financial information relates to the previous financial year and only contains non-misleading figures substantially consistent with the final figures to be published in the next annual audited financial statements for the previous financial year, and the explanatory information necessary to assess the figures, a report shall not be required provided that the prospectus includes all of the following statements:</p> <p>(a) the person responsible for this financial information, if different from the one which is responsible for the prospectus in general, approves that information;</p> <p>(b) independent accountants or auditors have agreed that this information is substantially consistent with the final figures to be published in the next annual audited financial statements;</p> <p>(c) this financial information has not been audited.</p> | <p>N/A</p>  |
| <p>8.3. The profit forecast or estimate must be prepared on a basis comparable with the historical financial information.</p>   | <p>N/A</p>  |
| <p><b>9. Administrative, Management, and Supervisory Bodies</b></p>   |   |
| <p>9.1. Names, business addresses and functions in the Issuer of the members of</p>   | <p>Pages 30 to 42 and 102 of the BNPP 2016 Registration Document (in English)</p> |

|   |  |
|---|--|
| <p>the administrative, management or supervisory bodies, and an indication of the principal activities performed by them outside the Issuer where these are significant with respect to that Issuer:</p> <p>(a) members of the administrative, management or supervisory bodies;</p> <p>(b) partners with unlimited liability, in the case of a limited partnership with a share capital.</p> |  |
| <p>9.2. Administrative, Management, and Supervisory bodies conflicts of interests.</p> <p>Potential conflicts of interests between any duties to the issuing entity of the persons referred to in item 9.1 and their private interests and or other duties must be clearly stated.</p> <p>In the event that there are no such conflicts, make a statement to that effect.</p>                 | <p>Pages 43 to 60, 65 to 66 and 78 to 79 of the BNPP 2016 Registration Document (in English)</p> |
| <b>10. Major Shareholders</b>   |  |
| <p>10.1. To the extent known to the Issuer, state whether the Issuer is directly or indirectly owned or controlled and by whom, and describe the nature of such control, and describe the measures in place to ensure that such control is not abused.</p>  | <p>Pages 16 and 17 of the BNPP 2016 Registration Document (in English)</p>                       |
| <p>10.2. A description of any arrangements, known to the Issuer, the operation of which may at a subsequent date result in a change in control of the Issuer.</p>   | <p>Page 17 of the BNPP 2016 Registration Document (in English)</p>                               |
| <b>2016 FINANCIAL STATEMENTS</b>  |  |
| <p>Profit and loss account for the year ended 31 December 2016</p>  | <p>Page 134 of the BNPP 2016 Registration Document (in English)</p>                              |

|  |   |
|--|---|
| Statement of net income and changes in assets and liabilities recognised directly in equity  | Page 135 of the BNPP 2016 Registration Document (in English)          |
| Balance sheet at 31 December 2016  | Page 136 of the BNPP 2016 Registration Document (in English)          |
| Cash flow statement for the year ended 31 December 2016  | Page 137 of the BNPP 2016 Registration Document (in English)          |
| Statement of changes in shareholders' equity between 1 January 2016 and 31 December 2016   | Pages 138 and 139 of the BNPP 2016 Registration Document (in English) |
| Notes to the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union | Pages 140 to 231 of the BNPP 2016 Registration Document (in English)  |
| Statutory Auditors' report on the Consolidated Financial Statements of BNP Paribas for the year ended 31 December 2016                     | Pages 232 and 233 of the BNPP 2016 Registration Document (in English) |

## **AMENDMENTS TO THE GENERAL INFORMATION SECTION**

- (a) The General Information section on pages 541 to 545 of the Base Prospectus is amended as follows: the paragraphs under the heading "3. Documents Available" on pages 541 and 542 of the Base Prospectus are amended as follows:
  - (i) the word "and" at the end of sub-paragraph (xiv) is deleted;
  - (ii) the "." at the end of sub-paragraph (xv) is deleted and replaced with "; and";
  - (iii) the following new sub-paragraph (xvi) is added under sub-paragraph (xv):

"(xvi) the BNPP 2016 Registration Document (in English).";
- (b) the first paragraph under the heading "5. Material Adverse Change" is deleted and replaced as follows:

"There has been no material adverse change in the prospects of BNPP or the Group since 31 December 2016 (being the end of the last financial period for which audited financial statements have been published).";
- (c) the first paragraph under the heading "6. Legal and Arbitration Proceedings" is deleted and replaced as follows:

"Save as disclosed on pages 161 and 213 of the BNPP 2016 Registration Document (in English), there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during the period covering at least the twelve (12) months prior to the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the Issuer and/or the Group's financial position or profitability.";
- (d) the first paragraph under the heading "7. Significant Change" is deleted and replaced as follows:

"There has been no significant change in the financial or trading position of BNPP or the Group since 31 December 2016 (being the end of the last financial period for which audited financial statements have been published).";
- (e) the first paragraph under the heading "10. Board of Directors" is deleted and replaced as follows:

"The members of the Board of Directors of BNPP are displayed on pages 30 to 40 of the BNPP 2016 Registration Document (in English) relating to BNPP which is incorporated by reference herein."; and
- (f) the table under the heading "14. Capitalization of BNPP and the BNP Paribas Group" is deleted in its entirety and replaced with the following:

| <b>TABLE OF CAPITALIZATION AND MEDIUM-TO-LONG TERM INDEBTEDNESS</b>                            |  |  |
|--|--|--|
| Millions of Euros  | <b>BNP PARIBAS GROUP</b><br>31 December 2015 | <b>BNP PARIBAS GROUP</b><br>31 December 2016 |
| Medium - and Long-Term Debt<br>of which unexpired term to maturity<br>is more<br>than one year |  |  |
| Debt securities at fair value through<br>profit or lost  | 34,889                                       | 36,215                                       |
| Other debt securities  | 65,756                                       | 58,205                                       |
| Subordinated debt  | 12,070                                       | 12,341                                       |
| <b>Total Medium - and Long-Term Debt.....</b>  | <b>112,715</b>                               | <b>106,761</b>                               |
| Shareholders' Equity and<br>Equivalents  |  |  |
| Issued Capital<br>.....  | 2,493  | 2,494  |
| Additional paid-in<br>capital.....   | 24,404                                       | 24,454                                       |
| Preferred shares and equivalent<br>instruments.....  | 7,855  | 8,430  |
| Retained earnings<br>.....   | 51,906                                       | 55,754                                       |
| Unrealised or deferred gains and<br>losses attributable to shareholders                        | 6,736  | 6,169  |
| Undated participating subordinated<br>notes ....   | 222  | 222  |
| Undated Subordinated   | 1,811  | 1,789  |

|  |                |                |
|--|----------------|----------------|
| FRNs.....  |                |                |
| <b>Total Shareholders' Equity and<br/>Equivalents</b>                | <b>95,427</b>  | <b>99,312</b>  |
| Minority<br>Interest.....  | 3,719          | 4,431          |
| <b>Total Capitalization and Medium<br/>to Long Term Indebtedness</b> | <b>211,861</b> | <b>210,504</b> |

- (g) the sub-section "15. Events impacting the solvency of BNPP is amended by the deletion of the words "30 June 2016" and their replacement with the words "31 December 2016".



## B. RESPONSIBILITY

Each of BNPP B.V. (in respect of itself) and BNPP (in respect of itself and BNPP B.V.) accepts responsibility for the information contained in this Third Supplement. To the best of the knowledge of each of BNPP B.V. and BNPP (who have taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

Signed on behalf of BNP Paribas Arbitrage Issuance B.V.

Paris, dated 12 April 2017:

By:

Cézar A. NASTASA



Signed on behalf of BNP Paribas

Paris, dated 12 April 2017:

By:



Lars Machenil in his capacity as Chief Financial Officer

**FOURTH SUPPLEMENT DATED 19 May 2017  
TO THE BASE PROSPECTUS DATED 30 September 2016**



**BNP PARIBAS**

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**BNP Paribas Arbitrage Issuance B.V.**  
*(incorporated in The Netherlands)*  
*(as Issuer)*

**BNP Paribas**  
*(incorporated in France)*  
*(as Issuer and Guarantor)*

**NOTE, WARRANT AND CERTIFICATE PROGRAMME**

This fourth supplement (the "**Fourth Supplement**") is supplemental to, and should be read in conjunction with the Note, Warrant and Certificate Programme base prospectus dated 30 September 2016 (the "**Base Prospectus**"), the first supplement to the Base Prospectus dated 21 November 2016 (the "**First Supplement**"), the second supplement (the "**Second Supplement**") dated 9 March 2017, the third supplement (the "**Third Supplement**") dated 12, April 2017, in each case, in relation to the issuance of Notes, Warrants and Certificates (as defined therein) by BNP Paribas Arbitrage Issuance B.V. ("**BNPP B.V.**") and BNP Paribas ("**BNPP**"). Terms defined in the Base Prospectus have the same meaning when used in this Fourth Supplement.

Each of BNPP B.V. (in respect of itself) and BNPP (in respect of itself and BNPP B.V.) accepts responsibility for the information contained in this Fourth Supplement. To the best of the knowledge of each of BNPP B.V. and BNPP (who have taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of this Fourth Supplement, the First Supplement, the Second Supplement, the Third Supplement, the Base Prospectus, the documents incorporated by reference therein and the documents incorporated by reference into the Base Prospectus as a result of this Fourth Supplement are available at the offices of the Swiss Securities Agent BNP Paribas Securities Services SA, Paris, Zurich Branch, currently located at Selnaustrasse 16, P.O. Box, CH-8022 Zurich, Switzerland, as further set out in the Base Prospectus.

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## **A. AMENDMENTS AND SUPPLEMENTS TO THE BASE PROSPECTUS**

The Base Prospectus is hereby amended and supplemented as set forth hereafter. The references to sections and pages used below refer to the sections and pages of the Base Prospectus as approved by SIX Swiss Exchange Ltd on 30 September 2016.

### **PRESENTATION OF FINANCIAL INFORMATION**

The second paragraph under the heading "Presentation of Financial Information" on page 5 of the Base Prospectus is deleted and replaced with the following:

"The audited consolidated financial statements of BNPP for the years ended 31 December 2014, 31 December 2015 and 31 December 2016 have been prepared in accordance with international financial reporting standards ("**IFRS**") as adopted by the European Union. IFRS differs in certain significant respects from generally accepted accounting principles in the United States ("**U.S. GAAP**"). The Group has made no attempt to quantify the impact of those differences. In making an investment decision, investors must rely upon their own examination of the BNP Paribas Group, the terms of an offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between IFRS and U.S. GAAP, and how those differences might affect the information herein. The Group's fiscal year ends on 31 December and references in the BNPP 2014 Registration Document, the BNPP 2015 Registration Document and the BNPP 2016 Registration Document (in English) and any update to the BNPP 2016 Registration Document (in English) (in each case, as defined in "Documents Incorporated by Reference" and incorporated by reference herein) to any specific fiscal year are to the 12-month period ended 31 December of such year."

## OVERVIEW

- (a) The “Description of BNPP B.V.” included in the section “Overview” on page 7 et seq. of the Base Prospectus is amended as follows:

The table “**Comparative Annual Financial Data**” and “**Comparative Interim Financial Data for the six-month period ended 30 June 2016 – in EUR**” under the heading “3. Selected key financial information” is deleted and replaced by the following table:

| <b>Comparative Annual Financial Data – In EUR</b> |                                       |                                       |
|---|---------------------------------------|---------------------------------------|
|   | <b>31/12/2016</b><br><b>(audited)</b> | <b>31/12/2015</b><br><b>(audited)</b> |
| Revenues  | 399,805                               | 315,558                               |
| Net income, Group share                           | 23,307                                | 19,786                                |
| Total balance sheet                               | 48,320,273,908                        | 43,042,575,328                        |
| Shareholders' equity (Group share)                | 488,299                               | 464,992                               |

- (b) The “Description of BNPP” included in the section “Overview” on page 8 et seq. of the Base Prospectus is amended as follows:

The following new table is inserted immediately after the table entitled “**Comparative Annual Financial Data - In millions of EUR**” (which was added to the Base Prospectus by virtue of the Second Supplement) and immediately above the sub-heading “*Statements of no significant or material adverse change*”

| <b>Comparative Interim Financial Data for the three-month period ended 31 March 2017 – In millions of EUR</b> |   |                                       |
|---|---|---------------------------------------|
|   | <b>1Q17</b><br><b>(unaudited)</b>       | <b>1Q16</b><br><b>(unaudited)</b>     |
| Revenues  | 11,297                                  | 10,844                                |
| Cost of risk  | (592)                                   | (757)                                 |
| Net income, Group share   | 1,894                                   | 1,814                                 |
|   | <b>31/03/2017</b>                       | <b>31/12/2016</b>                     |
| Common equity Tier 1 ratio<br>(Basel 3 fully loaded, CRD4)  | 11.6%                                   | 11.5%                                 |
|   | <b>31/03/2017</b><br><b>(unaudited)</b> | <b>31/12/2016</b><br><b>(audited)</b> |

|   |           |           |
|---|-----------|-----------|
| Total consolidated balance sheet                      | 2,197,658 | 2,076,959 |
| Consolidated loans and receivables due from customers | 718,009   | 712,233   |
| Consolidated items due to customers                   | 801,381   | 765,953   |
| Shareholders' equity (Group share)                    | 102,076   | 100,665   |

- (c) the second paragraph under the heading "*Statements of no significant or material adverse change*" is deleted and replaced with the following:

"There has been no significant change in the financial or trading position of BNPP B.V. since 31 December 2016 and there has been no material adverse change in the prospects of BNPP B.V. since 31 December 2016. "

- (d) The last paragraph under the heading "*Statements of no significant or material adverse change*" (which was added to the Base Prospectus by virtue of the Third Supplement) is deleted and replaced with the following:

"To the best of BNPP's knowledge, there have not been any recent events which are to a material extent relevant to the evaluation of the relevant BNPP's solvency since 31 December 2016."

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been filed with the AMF on:

- (a) 3 May 2017, in the case of the *Actualisation du Document de référence déposée auprès de l'AMF le 3 mai 2017* (in English) (the "**First Update to the BNPP 2016 Registration Document (in English)**"); and
- (b) 10 May 2017, in the case of BNPP B.V.'s 2016 Annual Report (including the audited financial statements for the year ended 31 December 2016 and the independent auditor's report of Mazars Paaredekooper Hoffman Accountants N.V. represented by w.s. J.C. van Oldenbeek MSc RA) (the "**2016 BNPP B.V. Annual Report**"),

and, by virtue of this Fourth Supplement, is incorporated in, and forms part of, the Base Prospectus, as amended by the previous Supplements:

The "**DOCUMENTS INCORPORATED BY REFERENCE**" section on pages 69 to 77 of the Base Prospectus is amended as follows:

- (a) the word "and" at the end of paragraph (j) is deleted;
- (b) the "," at the end of paragraph (k) is deleted and replaced with "; and";
- (c) the following new paragraph (l) and (m) are added under paragraph (k):
  - "(l) BNPP's *Actualisation du Document de référence déposée auprès de l'AMF le 3 mai 2017* (in English) with filing number D.17-0132-A01 (the "**First Update to the BNPP 2016 Registration Document (in English)**"); and
  - (m) the statutory annual report for 2016 (the "**2016 BNPP B.V. Annual Report**"), which includes the audited annual non-consolidated financial statements of BNPP B.V. as at, and for, the year ended 31 December 2016 (the "**BNPP B.V. 2016 Financial Statements**"),"
- (d) the following table is inserted immediately following the table entitled "**BNPP 2016 REGISTRATION DOCUMENT (in English)**" (which was added to the Base Prospectus by virtue of the Third Supplement)

| <i><b>First Update to the BNPP 2016 Registration Document (in English)</b></i> |   |
|--|---|
| Person responsible   | Page 92 of the First Update to the BNPP 2016 Registration Document (in English)                   |
| Quarterly financial information  | Pages 3 to 64 and page 67 of the First Update to the BNPP 2016 Registration Document (in English) |
| Risk factors   | Pages 68 to 73 of the First Update to the BNPP 2016 Registration Document (in                     |

|  |   |
|--|---|
|  | English)  |
| Remuneration and benefits  | Pages 74 to 88 of the First Update to the BNPP 2016 Registration Document (in English)            |
| Legal and arbitration proceedings                                | Page 89 of the First Update to the BNPP 2016 Registration Document (in English)                   |
| Documents on display   | Page 89 of the First Update to the BNPP 2016 Registration Document (in English)                   |
| Significant change in the Issuer's financial or trading position | Page 90 of the First Update to the BNPP 2016 Registration Document (in English)                   |
| Additional information   | Pages 65, 66 and 74 to 90 of the First Update to the BNPP 2016 Registration Document (in English) |
| Statutory auditors   | Page 91 of the First Update to the BNPP 2016 Registration Document (in English)                   |

- (e) the following table is inserted immediately following the table entitled "*BNPP B.V. Interim Financial Statements*":

| <b><i>2016 BNPP B.V. Annual Report</i></b>                |   |
|---|---|
| Managing Director's Report                                | Pages 3 to 4 of the 2016 BNPP B.V. Annual Report  |
| Balance Sheet at 31 December 2016                         | Page 5 of the 2016 BNPP B.V. Annual Report        |
| Profit & Loss Account for the year ended 31 December 2016 | Page 6 of the 2016 BNPP B.V. Annual Report        |
| Cashflow statement for the year ended 31 December 2016    | Page 7 of the 2016 BNPP B.V. Annual Report        |
| Shareholder's equity                                      | Page 8 of the 2016 BNPP B.V. Annual Report        |
| Notes/Other information                                   | Pages 9 to 18 of the 2016 BNPP B.V. Annual Report |



|   |  |
|---|--|
| Auditor's Report of the Financial Statements of BNPP B.V. for the year ended 31 December 2016 | Pages 19 to 21 of the 2016 BNPP B.V. Annual Report |
|---|--|

## DESCRIPTION OF BNP PARIBAS ARBITRAGE ISSUANCE B.V. AND BNPP

The "Description of BNP Paribas Arbitrage Issuance B.V. and BNPP " on pages 509 et seq. of the Base Prospectus is amended as follows:

- (a) the last sentence under the subheading "**7.1 Management Board**" is deleted and replaced as follows:

"Edwin Herskovic, Erik Stroet, Han Sijssling and Daniel Thielemans as Directors of BNP Paribas Finance B.V. have the power to take all necessary measures in relation to the issue of securities of BNPP B.V."

- (b) the information under the heading "**13. Historical Financial Information Concerning BNPP B.V.'s Assets and Liabilities, Financial Position and Profits and Losses**" is deleted and replaced as follows:

### "BALANCE SHEET IN SUMMARY (before appropriation of the net result)

|                               | <b>30.12.2016</b><br><b>(audited)</b> | <b>31.12.2015</b><br><b>(audited)</b> |
|-------------------------------|---------------------------------------|---------------------------------------|
|                               | EUR                                   | EUR                                   |
| <b>Financial fixed assets</b> | 34,970,331,780                        | 30,238,524,334                        |
| <b>Current assets</b>         | 13,349,942,128                        | 12,804,050,994                        |
| <b>TOTAL ASSETS</b>           | <b>48,320,273,908</b>                 | <b>43,042,575,328</b>                 |

|                                     |                       |                       |
|-------------------------------------|-----------------------|-----------------------|
| <b>Shareholder's equity</b>         | 488,299               | 464,992               |
| <b>Long term liabilities</b>        | 34,970,331,780        | 30,238,524,334        |
| <b>Current liabilities</b>          | 13,349,453,829        | 12,803,586,002        |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>48,320,273,908</b> | <b>43,042,575,328</b> |

### PROFIT AND LOSS ACCOUNT in summary

|                                    | <b>2016</b><br><b>(audited)</b> | <b>2015</b><br><b>(audited)</b> |
|------------------------------------|---------------------------------|---------------------------------|
|                                    | EUR                             | EUR                             |
| Income including interest received | 399,817                         | 315,670                         |

|   |         |         |
|---|---------|---------|
| Costs, including interest paid and the tax charge | 376,510 | 295,884 |
|---|---------|---------|

|                              |               |               |
|------------------------------|---------------|---------------|
| <b>Profit after taxation</b> | <b>23,307</b> | <b>19,786</b> |
|------------------------------|---------------|---------------|

**CASH FLOW STATEMENT  
in summary**

|  | <b>2016<br/>(audited)</b> | <b>2015<br/>(audited)</b> |
|--|---------------------------|---------------------------|
|  | EUR                       | EUR                       |
| Cash flow from operating activities    | 276,050                   | (576,441)                 |
| Cash flow from financing activities    | 0                         | 0                         |
| <b>Increase/Decrease cash at banks</b> | <b>276,050</b>            | <b>(576,441)</b>          |
| <b>Cash at bank at December 31</b>     | <b>352,062</b>            | <b>76,012"</b>            |

## AMENDMENTS TO THE GENERAL INFORMATION SECTION

The General Information section on pages 541 to 545 of the Base Prospectus is amended as follows:

- (a) the paragraphs under the heading "3. Documents Available" on pages 541 and 542 of the Base Prospectus are amended as follows:
  - (i) the word "and" at the end of sub-paragraph (xv) is deleted;
  - (ii) the "." at the end of sub-paragraph (xvi) is deleted and replaced with "; and";
  - (iii) the following new sub-paragraph (xvii) and (xviii) are added under sub-paragraph (xvi):
    - "(xvii) the First Update to the BNPP 2016 Registration Document (in English); and
    - (xviii) the Annual Report of BNPP B.V. for the year ended 31 December 2016."
- (b) the second paragraph under the heading "5. Material Adverse Change" is deleted and replaced as follows:

"There has been no material adverse change in the prospects of BNPP B.V. since 31 December 2016 (being the end of the last financial period for which audited financial statements have been published).";
- (c) the first paragraph under the heading "6. Legal and Arbitration Proceedings" (which was amended by virtue of the Third Supplement) is deleted and replaced as follows:

"Save as disclosed on pages 161 and 213 of the BNPP 2016 Registration Document (in English) and page 89 of the First Update to the BNPP 2016 Registration Document (in English), there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which BNPP is aware), during the period covering at least the twelve (12) months prior to the date of this Base Prospectus which may have, or have had in the recent past, significant effects on BNPP and/or the Group's financial position or profitability.";
- (d) the second paragraph under the heading "7. Significant Change" is deleted and replaced as follows:

"There has been no significant change in the financial or trading position of BNPP B.V. since 31 December 2016 (being the end of the last financial period for which audited financial statements have been published)."; and

- (e) the table under the heading "14. Capitalization of BNPP and the BNP Paribas Group" (which was amended by virtue of the Third Supplement) is deleted in its entirety and replaced with the following:

| <b>BNP Paribas consolidated capitalization and medium and long term debt indebtedness over one year</b> |  |   |
|---|--|---|
| <b>Group accounting method</b>  |  |   |
| In Millions of Euros  | <b>BNP PARIBAS GROUP</b><br>31 December 2016 | <b>BNP PARIBAS GROUP</b><br>31 March 2017 |
| Debt securities at fair value through profit or loss  | 36,053                                       | 38,107                                    |
| Debt securities measured at amortised cost  | 58,205                                       | 57,261                                    |
| <b>Total Senior Preferred Debt.....</b>   | <b>94,258</b>                                | <b>95,368</b>                             |
|   |  |   |
| Debt Securities measured at amortised cost  | 0  | 4,535                                     |
| <b>Total Senior Non-Preferred Debt</b>  | <b>0</b>                                     | <b>4,535</b>                              |
|   |  |   |
| Redeemable subordinated debt measured at amortised cost   | 12,341                                       | 13,231                                    |
| Undated subordinated notes measured at amortised cost   | 1,627  | 1,623                                     |
| Undated participating subordinated notes measured at amortised cost                                     | 222  | 222                                       |
| Redeemable subordinated debt at fair value through profit or loss                                       | 162  | 146                                       |
| Perpetual subordinated debt at fair value through profit or loss <sup>1</sup>                           | 588  | 669                                       |
| Preferred shares and equivalent instruments   | 8,430  | 8,467                                     |

<sup>1</sup> Carrying amount of the cashes, of which the amount eligible to Tier 1 is €162 million in 2016 and 2017.

|  |                |                |
|--|----------------|----------------|
| <b>Total Subordinated Debt</b>   | <b>23,370</b>  | <b>24,358</b>  |
| Issued capital   | 2,494          | 2,496          |
| Additional paid-in capital   | 24,454         | 24,370         |
| Retained earnings  | 55,754         | 56,979         |
| Unrealised or deferred gains and losses attributable to shareholders             | 6,169          | 5,504          |
| <b>Total Shareholders' Equity and Equivalents with anticipation of dividends</b> | <b>88,871</b>  | <b>89,349</b>  |
| <b>Minority interests with anticipation of dividends.....</b>                    | <b>4,431</b>   | <b>5,076</b>   |
|  |                |                |
| <b>Total Capitalization and Medium-to-Long Term Indebtedness</b>                 | <b>210,930</b> | <b>218,686</b> |

## **B. RESPONSIBILITY**

Each of BNPP B.V. (in respect of itself) and BNPP (in respect of itself and BNPP B.V.) accepts responsibility for the information contained in this Fourth Supplement. To the best of the knowledge of each of BNPP B.V. and BNPP (who have taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

Signed on behalf of BNP Paribas Arbitrage Issuance B.V.

Paris, dated 19 May 2017:

By:



Caroline Couture

Signed on behalf of BNP Paribas

Paris, dated 19 May 2017:

By:



Lars Machenil in his capacity as Chief Financial Officer

**FIFTH SUPPLEMENT DATED 4 AUGUST 2017  
TO THE BASE PROSPECTUS DATED 30 SEPTEMBER 2016**



**BNP PARIBAS**

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**BNP Paribas Arbitrage Issuance B.V.**  
*(incorporated in The Netherlands)*  
*(as Issuer)*

**BNP Paribas**  
*(incorporated in France)*  
*(as Issuer and Guarantor)*

**NOTE, WARRANT AND CERTIFICATE PROGRAMME**

This fifth supplement (the "**Fifth Supplement**") is supplemental to, and should be read in conjunction with the Note, Warrant and Certificate Programme base prospectus dated 30 September 2016 (the "**Base Prospectus**"), the first supplement to the Base Prospectus dated 21 November 2016 (the "**First Supplement**"), the second supplement (the "**Second Supplement**") dated 9 March 2017, the third supplement (the "**Third Supplement**") dated 12 April 2017 and the fourth supplement dated 19 May 2017 (the "**Fourth Supplement**") in each case, in relation to the issuance of Notes, Warrants and Certificates (as defined therein) by BNP Paribas Arbitrage Issuance B.V. ("**BNPP B.V.**") and BNP Paribas ("**BNPP**"). Terms defined in the Base Prospectus have the same meaning when used in this Fifth Supplement.

Each of BNPP B.V. (in respect of itself) and BNPP (in respect of itself and BNPP B.V.) accepts responsibility for the information contained in this Fifth Supplement. To the best of the knowledge of each of BNPP B.V. and BNPP (who have taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of this Fifth Supplement, the Base Prospectus, the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the documents incorporated by reference therein and the documents incorporated by reference into the Base Prospectus as a result of this Fifth Supplement are available at the offices of the Swiss Securities Agent BNP Paribas Securities Services SA, Paris, Zurich Branch, currently located at Selnaustrasse 16, P.O. Box, CH-8022 Zurich, Switzerland, as further set out in the Base Prospectus.



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## A. AMENDMENTS AND SUPPLEMENTS TO THE BASE PROSPECTUS

The Base Prospectus is hereby amended and supplemented as set forth hereafter. The references to sections and pages used below refer to the sections and pages of the Base Prospectus as approved by SIX Swiss Exchange Ltd on 30 September 2016.

On 24 May 2017 the name of “BNP Paribas Arbitrage Issuance B.V.” was changed to “BNP Paribas Issuance B.V.”. Any references to “BNP Paribas Arbitrage Issuance B.V.”, in the Base Prospectus as well as all Supplements thereto, including also this Fifth Supplement, shall be read as references to “BNP Paribas Issuance B.V.”, unless the context requires otherwise.

### OVERVIEW

- (a) The information under the heading “**1. Key information on BNPP**” under the “**Description of BNPP**” section on page 8 of the Base Prospectus is deleted and replaced by the following information:

*“BNPP is a European leading provider of banking and financial services and has four domestic retail banking markets in Europe, namely in Belgium, France, Italy and Luxembourg. It is present in 74 countries and has more than 190,000 employees, including more than 145,000 in Europe. BNPP is the parent company of the BNP Paribas Group (together the “BNPP Group”). BNPP B.V. is a wholly owned subsidiary.”*

- (b) The “**Description of BNPP**” included in the section “Overview” on page 8 et seq. of the Base Prospectus is amended as follows:

The table “**Comparative Interim Financial Data for the three-month period ended 31 March 2017 – In millions of EUR**” (which was added to the Base Prospectus by virtue of the Fourth Supplement) under the heading “**4. Selected key financial information**” is deleted and replaced by the following table:

| <b>Comparative Interim Financial Data for the six-month period ended 30 June 2017 - In millions of EUR</b> |                             |                             |
|--|-----------------------------|-----------------------------|
|  | <b>1H17<br/>(unaudited)</b> | <b>1H16<br/>(unaudited)</b> |
| Revenues   | 22,235                      | 22,166                      |
| Cost of risk   | (1,254)                     | (1,548)                     |
| Net income, Group Share  | 4,290                       | 4,374                       |
|  | <b>30/06/2017</b>           | <b>31/12/2016</b>           |
| Common equity Tier 1 ratio<br>(Basel 3 fully loaded, CRD4)   | 11.7%                       | 11.5%                       |

|   | <b>30/06/2017</b><br><b>(unaudited)</b> | <b>31/12/2016</b><br><b>(audited)</b> |
|---|---|---------------------------------------|
| Total consolidated balance sheet                      | 2,142,961                               | 2,076,959                             |
| Consolidated loans and receivables due from customers | 715,466                                 | 712,233                               |
| Consolidated items due to customers                   | 793,384                                 | 765,953                               |
| Shareholders' equity<br>(Group Share)                 | 99,318                                  | 100,665                               |

- (c) The first sentence of the first paragraph under the heading “**Statements of no significant or material adverse change**” under the heading “**4. Selected key financial information**” is deleted and replaced with the following:

*“There has been no significant change in the financial or trading position of the Group since 30 June 2017 (being the end of the last financial period for which interim financial statements have been published).”*

- (d) The last paragraph under the heading “**Statements of no significant or material adverse change**” under the heading “**4. Selected key financial information**” is deleted and replaced with the following:

*“To the best of BNPP's knowledge, there have not been any recent events which are to a material extent relevant to the evaluation of BNPP's solvency since 30 June 2017.”*

## DOCUMENTS INCORPORATED BY REFERENCE

An English translation of the “*Actualisation du Document de référence 2016 et rapport financier semestriel déposée auprès de l'AMF le 31 juillet 2017*” (the “**Second Update to the BNPP 2016 Registration Document**”) has been filed with the AMF on 31 July 2017 and by virtue of this Fifth Supplement and other than the sections entitled “Persons Responsible for the Update to the Registration Document” and the “Table of Concordance”, is incorporated in, and forms part of, the Base Prospectus.

The section “**DOCUMENTS INCORPORATED BY REFERENCE**” on page 69 et seq. of the Base Prospectus is updated as follows:

- (a) The word “and” (which was added to the Base Prospectus by virtue of the Fourth Supplement) at the end of paragraph (l) is deleted;
- (b) The “,” at the end of paragraph (m) (which was added to the Base Prospectus by virtue of the Fourth Supplement) is deleted and replaced with: “; and”;
- (c) The words “(other than the sections entitled “Persons Responsible for the Update to the Registration Document” and the “Table of Concordance”)” are inserted immediately before the words “with filing number” in paragraph (l) (which was added to the Base Prospectus by virtue of the Fourth Supplement);
- (d) The following new paragraph (n) is added under paragraph (m) (which was added to the Base Prospectus by virtue of the Fourth Supplement):

“(n) *BNPP’s Actualisation du Document de référence 2016 et rapport financier semestriel déposée auprès de l'AMF le 31 juillet 2017 (other than the sections entitled “Persons Responsible for the Update to the Registration Document” and the “Table of Concordance”) with filing number D.17-0132-A02 (the “Second Update to the BNPP 2016 Registration Document (in English)”*),”

- (e) The following table is inserted immediately below the table entitled “**First Update to the BNPP 2016 Registration Document (in English)**” (which was added to the Base Prospectus by virtue of the Fourth Supplement):

| <b><i>Second Update to the BNPP 2016 Registration Document (in English)</i></b> |   |
|---|---|
| <b>Half year management report</b>  | Pages 4 to 68, 74 and 76 of the Second Update to the BNPP 2016 Registration Document (in English) |
| Group presentation  | Page 3 of the Second Update to the BNPP 2016 Registration Document (in English)                   |
| 2017 first half results   | Pages 4 to 70 of the Second Update to the BNPP 2016 Registration Document (in English)            |

|   |  |
|---|--|
| Long term and short term credit ratings   | Page 71 of the Second Update to the BNPP 2016 Registration Document (in English)                 |
| Related parties   | Page 71 of the Second Update to the BNPP 2016 Registration Document (in English)                 |
| Risk factors  | Pages 71 and 159 to 167 of the Second Update to the BNPP 2016 Registration Document (in English) |
| Recent events   | Pages 4 to 14 of the Second Update to the BNPP 2016 Registration Document (in English)           |
| <b>Financial information as at 30 June 2017</b>   | Pages 73 to 155 of the Second Update to the BNPP 2016 Registration Document (in English)         |
| Consolidated financial report as at 30 June 2017  | Pages 73 to 155 of the Second Update to the BNPP 2016 Registration Document (in English)         |
| Profit and loss account for the first half of 2017  | Page 74 of the Second Update to the BNPP 2016 Registration Document (in English)                 |
| Statement of net income and changes in assets and liabilities recognised directly in equity           | Page 75 of the Second Update to the BNPP 2016 Registration Document (in English)                 |
| Balance sheet at 30 June 2017   | Page 76 of the Second Update to the BNPP 2016 Registration Document (in English)                 |
| Cash flow statement for the first half of 2017  | Page 77 of the Second Update to the BNPP 2016 Registration Document (in English)                 |
| Statement of changes in shareholders' equity between 1 January 2016 and 30 June 2017                  | Pages 78 to 79 of the Second Update to the BNPP 2016 Registration Document (in English)          |
| Notes to the financial statements (prepared in accordance with IFRS as adopted by the European Union) | Pages 80 to 155 of the Second Update to the BNPP 2016 Registration Document (in English)         |
| Statutory auditors' review report on the 2017 interim financial information                           | Pages 156 to 157 of the Second Update to the BNPP 2016 Registration Document (in English)        |

|                                     |   |
|-------------------------------------|---|
| <b>Additional information</b>       | Pages 183 to 193 of the Second Update to the BNPP 2016 Registration Document (in English) |
| Ownership structure at 30 June 2017 | Page 183 of the Second Update to the BNPP 2016 Registration Document (in English)         |
| Changes in BNP Paribas' capital     | Pages 183 to 185 of the Second Update to the BNPP 2016 Registration Document (in English) |
| Significant changes                 | Page 193 of the Second Update to the BNPP 2016 Registration Document (in English)         |
| Trends                              | Page 193 of the Second Update to the BNPP 2016 Registration Document (in English)         |

## AMENDMENTS TO THE GENERAL INFORMATION SECTION

The section “**General Information**” on page 541 et seq. of the Base Prospectus is amended as follows:

- (a) The paragraphs under the heading “**3. Documents Available**” on pages 541 et seq. of the Base Prospectus are amended as follows:
  - (i) the word “and” at the end of sub-paragraph (xvii) (which was added by virtue of the Fourth Supplement) is deleted;
  - (ii) the “.” at the end of sub-paragraph (xviii) (which was added by virtue of the Fourth Supplement) is deleted and replaced with: “; and”; and
  - (iii) the following new sub-paragraph (xix) is added under paragraph (xviii):

*“(xix) the Second Update to the BNPP 2016 Registration Document (in English),”*
- (b) The first paragraph under the heading “**6. Legal and Arbitration Proceedings**” on page 542 of the Base Prospectus is deleted and replaced by the following:

*“Save as disclosed on pages 161 and 213 of the BNPP 2016 Registration Document (in English), page 89 of the First Update to the BNPP 2016 Registration Document (in English) and pages 145 to 146 of the Second Update to the BNPP 2016 Registration Document (in English), there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which BNPP is aware), during the period covering at least the twelve (12) months prior to the date of this Base Prospectus which may have, or have had in the recent past, significant effects on BNPP and/or the Group's financial position or profitability.”;*
- (c) The first paragraph under the heading “**7. Significant Change**” on page 542 of the Base Prospectus is deleted in its entirety and replaced by the following:

*“There has been no significant change in the financial or trading position of BNPP or the Group since 30 June 2017 (being the end of the last financial period for which interim financial statements have been published).”;*
- (d) The table under the heading “**14. Capitalization of BNPP and the BNP Paribas Group**” on pages 544 et seq. of the Base Prospectus is deleted and replaced with the following:

| BNP Paribas consolidated capitalization and medium and long term debt indebtedness<br>over one year |  |                                      |
|---|--|--------------------------------------|
| Group accounting method   |  |                                      |
| In Millions of Euros  | BNP PARIBAS<br>GROUP<br>31 December 2016 | BNP PARIBAS<br>GROUP<br>30 June 2017 |
| Senior Preferred Debt at fair value through<br>profit or loss                                       | 36,053                                   | 37,754                               |
| Senior Preferred Debt measured at amortised<br>cost   | 58,205                                   | 52,951                               |
| <b>Total Senior Preferred Debt.....</b>   | <b>94,258</b>                            | <b>90,705</b>                        |
| Senior Preferred Debt measured at amortised<br>cost   | 0  | 8,718                                |
| <b>Total Senior Non-Preferred Debt</b>  | <b>0</b>                                 | <b>8,718</b>                         |
| Redeemable subordinated debt measured at<br>amortised cost  | 12,341                                   | 12,585                               |
| Undated subordinated notes measured at<br>amortised cost  | 1,627                                    | 1,605                                |
| Undated participating subordinated notes<br>measured at amortised cost                              | 222                                      | 222                                  |
| Redeemable subordinated debt at fair value<br>through profit or loss                                | 162                                      | 117                                  |
| Perpetual subordinated debt at fair value<br>through profit or loss <sup>1</sup>                    | 588                                      | 669                                  |
| Preferred shares and equivalent instruments   | 8,430                                    | 7,825                                |
| <b>Total Subordinated Debt</b>  | <b>23,370</b>                            | <b>23,023</b>                        |

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<sup>1</sup> Carrying amount of cash, of which the amount eligible for Tier 1 is EUR162 million in 2016 and 2017.



|  |                |                |
|--|----------------|----------------|
| Issued capital   | 2,494          | 2,497          |
| Additional paid-in capital   | 24,454         | 24,479         |
| Retained earnings  | 55,754         | 58,230         |
| Unrealised or deferred gains and losses attributable to shareholders             | 6,169          | 4,236          |
| <b>Total Shareholders' Equity and Equivalents with anticipation of dividends</b> | <b>88,871</b>  | <b>89,442</b>  |
| <b>Minority interests with anticipation of dividends.....</b>                    | <b>4,431</b>   | <b>5,044</b>   |
|  |                |                |
| <b>Total Capitalization and Medium-to-Long Term Indebtedness</b>                 | <b>210,930</b> | <b>216,932</b> |

- (e) The sentence in paragraph 15. "Events impacting the solvency of BNPP" on page 545 (which has been amended by virtue of the Third Supplement) is amended by the deletion of the words "31 December 2016" and their replacement with the words "30 June 2017).

**B. RESPONSIBILITY**

Each of BNPP B.V. (in respect of itself) and BNPP (in respect of itself and BNPP B.V.) accepts responsibility for the information contained in this Fifth Supplement. To the best of the knowledge of each of BNPP B.V. and BNPP (who have taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

Signed on behalf of BNP Paribas Arbitrage Issuance B.V.

Paris, dated 4 August 2017:

By:

Caroline Couture 

Signed on behalf of BNP Paribas

Paris, dated 4 August 2017:

By:



Alain Papiasse, in his capacity as Deputy Chief Operating Officer

**SIXTH SUPPLEMENT DATED 12 SEPTEMBER 2017  
TO THE BASE PROSPECTUS DATED 30 SEPTEMBER 2016**



# **BNP PARIBAS**

**BNP Paribas Arbitrage Issuance B.V.**  
*(incorporated in The Netherlands)*  
*(as Issuer)*

**BNP Paribas**  
*(incorporated in France)*  
*(as Issuer and Guarantor)*

## **NOTE, WARRANT AND CERTIFICATE PROGRAMME**

This sixth supplement (the "**Sixth Supplement**") is supplemental to, and should be read in conjunction with the Note, Warrant and Certificate Programme base prospectus dated 30 September 2016 (the "**Base Prospectus**"), the first supplement to the Base Prospectus dated 21 November 2016 (the "**First Supplement**"), the second supplement (the "**Second Supplement**") dated 9 March 2017, the third supplement (the "**Third Supplement**") dated 12, April 2017, the fourth supplement dated 19 May 2017 (the "**Fourth Supplement**") and the fifth supplement dated 4 August 2017 (the "**Fifth Supplement**") in each case, in relation to the issuance of Notes, Warrants and Certificates (as defined therein) by BNP Paribas Arbitrage Issuance B.V. ("**BNPP B.V.**") and BNP Paribas ("**BNPP**"). Terms defined in the Base Prospectus have the same meaning when used in this Fifth Supplement.

Each of BNPP B.V. (in respect of itself) and BNPP (in respect of itself and BNPP B.V.) accepts responsibility for the information contained in this Sixth Supplement. To the best of the knowledge of each of BNPP B.V. and BNPP (who have taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of this Sixth Supplement, the Base Prospectus, the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement, the Fifth Supplement the documents incorporated by reference therein and the documents incorporated by reference into the Base Prospectus as a result of this Sixth Supplement are available at the offices of the Swiss Securities Agent BNP Paribas Securities Services SA, Paris, Zurich Branch, currently located at Selnaustrasse 16, P.O. Box, CH-8022 Zurich, Switzerland, as further set out in the Base Prospectus.

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## A. AMENDMENTS AND SUPPLEMENTS TO THE BASE PROSPECTUS

The Base Prospectus is hereby amended and supplemented as set forth hereafter. The references to sections and pages used below refer to the sections and pages of the Base Prospectus as approved by SIX Swiss Exchange Ltd on 30 September 2016.

On 24 May 2017 the name of “BNP Paribas Arbitrage Issuance B.V.” was changed to “BNP Paribas Issuance B.V.”. Any references to “BNP Paribas Arbitrage Issuance B.V.”, in the Base Prospectus as well as all Supplements thereto, including also this Sixth Supplement, shall be read as references to “BNP Paribas Issuance B.V.”, unless the context requires otherwise.

### OVERVIEW

- (a) Section 3 “Selected key financial information” of the “**Description of BNPP B.V.**” on pages 7 et seq. in the Base Prospectus, as amended by the previous supplements, is amended by the addition of the following at the end thereof:

| <b>Comparative Interim Financial Data for the six-month period ended 30 June 2017 - In millions of EUR</b> |                                   |                                   |
|--|-----------------------------------|-----------------------------------|
|  | <b>30/06/2017<br/>(unaudited)</b> | <b>30/06/2016<br/>(unaudited)</b> |
| Revenues   | 180,264                           | 183,330                           |
| Net income, Group Share  | 11,053                            | 12,506                            |
| Total balance sheet  | 50,298,295,452                    | 49,514,864.240                    |
| Shareholder's equity (Group share)   | 499,352                           | 477,498                           |

- (b) The second paragraph under the heading “*Statements of no significant or material adverse change*” under the heading “**4. Selected key financial information**” of the “Description of BNPP” on pages 8 et seq. (which has been amended by virtue of the Fourth Supplement) is deleted and replaced with the following:

*"There has been no significant change in the financial or trading position of BNPP B.V. since 30 June 2017 (being the end of the last financial period for which interim financial statements have been published). There has been no material adverse change in the prospects of BNPP B.V. since 31 December 2016 (being the end of the last financial period for which audited financial statements have been published)."*

## DOCUMENTS INCORPORATED BY REFERENCE

BNPP B.V.'s unaudited interim financial statements for the six-month period ended 30 June 2017 (including the review report thereon issued by Mazars Paardekooper Hoffman Accountants N.V. represented by J.C. van Oldenbeek) have been filed with the AMF on 4 September 2017.

The section “**DOCUMENTS INCORPORATED BY REFERENCE**” on page 69 et seq. of the Base Prospectus is updated as follows:

- (a) The word “and” (which was added to the Base Prospectus by virtue of the Fifth Supplement) at the end of paragraph (m) is deleted;
- (b) The “,” at the end of paragraph (n) (which was added to the Base Prospectus by virtue of the Fifth Supplement) is deleted and replaced with: “; and”;
- (c) The following new paragraph (o) is added under paragraph (n) (which was added to the Base Prospectus by virtue of the Fifth Supplement):

“(o) *the unaudited interim financial statements for the six-month period ended 30 June 2017 of BNPP B.V. (including the review report thereon issued by Mazars Paardekooper Hoffman Accountants N.V. represented by J.C. van Oldenbeek) (the “BNPP B.V. 2017 Interim Financial Statements”).*”

- (d) The following table is inserted immediately below the table entitled “**2016 BNPP B.V. Annual Report**” (which was added to the Base Prospectus by virtue of the Fourth Supplement):

| <b><i>BNPP B.V. 2017 Interim Financial Statements</i></b> |  |
|---|--|
| Managing Director's Report                                | Pages 3 to 4 of the BNPP B.V. 2017 Interim Financial Statements  |
| Balance Sheet   | Page 5 of the BNPP B.V. 2017 Interim Financial Statements        |
| Profit and loss account                                   | Page 6 of the BNPP B.V. 2017 Interim Financial Statements        |
| Cash flow statement                                       | Page 7 of the BNPP B.V. 2017 Interim Financial Statements        |
| Shareholder's equity                                      | Page 8 of the BNPP B.V. 2017 Interim Financial Statements        |
| Notes to the Financial Statements                         | Pages 9 to 17 of the BNPP B.V. 2017 Interim Financial Statements |
| Other Information   | Page 18 of the BNPP B.V. 2017 Interim Financial Statements       |

**DESCRIPTION OF BNP PARIBAS ARBITRAGE ISSUANCE B.V. AND BNPP**

The section “**DESCRIPTION OF BNP PARIBAS ARBITRAGE ISSUANCE B.V. AND BNPP**” on pages 509 et seq. of the Base Prospectus is updated as follows:

- (a) The second sentence under the heading “**BNPP B.V.**” under paragraph “**6. Outstanding options and bonds**” on pages 512 et seq. is deleted and replaced with the following:

*“As regards the outstanding issued securities and related OTC contracts at 30 June 2017, reference is made to Note 3 to the Interim Financial Statements for the period ending 30 June 2017.”*

- (b) Paragraph “**13. Historical Financial Information Concerning BNPP B.V.’s Assets and Liabilities, Financial Position and Profits and Losses**” on pages 516 et seq. of the Base Prospectus is amended by the insertion of the following tables at the end of the section “*Selected interim financial information*”:

**BALANCE SHEET IN SUMMARY**

(before appropriation of the net result)

|                                     | <b>30.06.2017</b>     | <b>31.12.2016</b>     |
|-------------------------------------|-----------------------|-----------------------|
|                                     | <b>(unaudited)</b>    | <b>(audited)</b>      |
|                                     | EUR                   | EUR                   |
| <b>Financial fixed assets</b>       | 39,169,990,007        | 34,970,331,780        |
| <b>Current assets</b>               | 11,128,305,445        | 13,349,942,128        |
| <b>TOTAL ASSETS</b>                 | <b>50,298,295,452</b> | <b>48,320,273,908</b> |
| <b>Shareholder's equity</b>         | 499,352               | 488,299               |
| <b>Long term liabilities</b>        | 39,169,990,007        | 34,970,331,780        |
| <b>Current liabilities</b>          | 11,127,806,093        | 13,349,453,829        |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>50,298,295,452</b> | <b>48,320,273,908</b> |

**PROFIT AND LOSS ACCOUNT in  
summary**

|   | <b>01.01.2017 to<br/>30.06.2017<br/>(unaudited)</b> | <b>01.01.2016 to<br/>30.06.2016<br/>(unaudited)</b> |
|---|---|---|
|   | EUR   | EUR   |
| Income including interest received                | 180,264   | 183,330   |
| Costs, including interest paid and the tax charge | (163,877)   | (166,663)   |
| <b>Profit after taxation</b>                      | <b>11,053</b>                                       | <b>12,506</b>                                       |

**CASH FLOW STATEMENT in summary**

|                                     | <b>01.01.2017 to<br/>30.06.2017<br/>(unaudited)</b> | <b>01.01.2016 to<br/>30.06.2016<br/>(unaudited)</b> |
|-------------------------------------|---|---|
|                                     | EUR   | EUR   |
| Cash flow from operating activities | (310,021)   | (4,819)   |
| Cash flow from financing activities | 0   | 0   |
| Increase/Decrease cash at banks     | (310,021)   | (4,819)   |
| Cash at bank at 30 June             | 42,041  | 71,193  |



## AMENDMENTS TO THE GENERAL INFORMATION SECTION

The section “**General Information**” on page 541 et seq. of the Base Prospectus is amended as follows:

- (a) The paragraphs under the heading “**3. Documents Available**” on pages 541 et seq. of the Base Prospectus are amended as follows:
  - (i) the word “and” at the end of sub-paragraph (xviii) (which was added by virtue of the Fifth Supplement) is deleted;
  - (ii) the “.” at the end of sub-paragraph (xix) (which was added by virtue of the Fifth Supplement) is deleted and replaced with: “; and”; and
  - (iii) the following new sub-paragraph (xx) is added under paragraph (xix):

*“(xx) the BNPP B.V. 2017 Interim Financial Statements”*
- (b) The second paragraph under the heading “**7. Significant Change**” on page 542 of the Base Prospectus is deleted in its entirety and replaced by the following:

*“There has been no significant change in the financial or trading position of BNPP B.V. since 30 June 2017 (being the end of the last financial period for which interim financial statements have been published).”*

**B. RESPONSIBILITY**

Each of BNPP B.V. (in respect of itself) and BNPP (in respect of itself and BNPP B.V.) accepts responsibility for the information contained in this Sixth Supplement. To the best of the knowledge of each of BNPP B.V. and BNPP (who have taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

Signed on behalf of BNP Paribas Arbitrage Issuance B.V.

Paris, dated 12 September 2017:

By:



**Caroline Couture**

Signed on behalf of BNP Paribas

Paris, dated 12 September 2017:

By:



Michel Konecny, in his capacity as Deputy Chief Operating Officer