

**First Supplement dated 8 February 2017**  
**to the Euro Medium Term Note Programme Base Prospectus dated 9 December 2016**



**BNP PARIBAS**

*(incorporated in France)*

*(as Issuer)*

**€90,000,000,000**

**EURO MEDIUM TERM NOTE PROGRAMME**

This first supplement (the "**First Supplement**") is supplemental to, and should be read in conjunction with, the base prospectus dated 9 December 2016 (the "**Base Prospectus**") in relation to the €90,000,000,000 Euro Medium Term Note Programme (the "**Programme**") of BNP Paribas ("**BNPP**", the "**Bank**", or the "**Issuer**").

The Base Prospectus constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive. The "**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. The *Autorité des marchés financiers* (the "**AMF**") granted visa no. 16-575 on 9 December 2016 in respect of the Base Prospectus. Application has been made for approval of this First Supplement to the AMF in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Prospectus Directive in France.

BNPP accepts responsibility for the information contained in this First Supplement. To the best of the knowledge of BNPP (who has taken all reasonable care to ensure that such is the case), the information contained herein is, subject as provided in the preceding sentence, in accordance with the facts and does not omit anything likely to affect the import of such information.

Unless the context otherwise requires, terms defined in the Base Prospectus shall have the same meanings when used in this First Supplement.

To the extent that there is any inconsistency between (i) any statement in this First Supplement and (ii) any statement in, or incorporated by reference in, the Base Prospectus the statement referred to in (i) above will prevail.

Copies of this First Supplement may be obtained free of charge at the registered offices of BNP Paribas and BNP Paribas Securities Services, Luxembourg Branch as Principal Paying Agent and will be available on the website of BNP Paribas ([www.invest.bnpparibas.com](http://www.invest.bnpparibas.com)) and on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)).

This First Supplement has been prepared in accordance with Article 16.1 of the Prospectus Directive and pursuant to Article 212-25 of the AMF's *Règlement Général*, for the purposes of giving information which amends or is additional to the information already contained in the Base Prospectus.

This First Supplement has been prepared for the purposes of:

- (A) giving disclosure in respect of a press release and related presentation dated 7 February 2017 issued by BNP Paribas;
- (B) amending the "Programme Summary" and the "Pro Forma Issue Specific Summary of the Programme";
- (C) amending the "Programme Summary (in French)" and the "Pro Forma Issue Specific Summary of the Programme (in French)";
- (D) amending the Risk Factors relating to "Risks Relating to the Bank and its Industry";
- (E) amending the "Terms and Conditions of the English Law Notes";
- (F) amending the "Terms and Conditions of the French Law Notes";
- (G) amending the "Description of BNPP Indices";
- (H) amending the "Form of Final Terms" and the "Form of Final Terms for Exempt Notes";
- (I) amending the "Taxation" section;
- (J) amending the "Hiring Incentives to Restore Employment Act" section; and
- (K) amending the "General Information" section.

The incorporation of the documents referred to in (A) above has been included to update the BNPP disclosure. The amendments referred to in (B) and (C) above have been made to reflect the updated BNPP disclosure referred to in (A) above. The amendments referred to in (D) above have been made to update the risk factors relating to BNPP. The amendments referred to in (B), (C), (E) and (F) above have been made to clarify the definition of MREL/TLAC Disqualification Event. The amendments referred to in (G) above have been made to correct the Cinergy Codes in respect of six Millennium Indices. The amendments referred to in (H) and (J) have been made to update the disclosure in respect of withholding under Section 871(m) of the U.S. Internal Revenue Code of 1986. The amendments referred to in (I) above have been made to update the Belgian taxation disclosure. The amendments referred to in (K) above have been made to (i) update the table of Capitalization of BNPP and the BNP Paribas Group, and (ii) include a declaration concerning the unaudited annual results of BNP Paribas for the year ending 31 December 2016 and the unaudited fourth quarter results of BNP Paribas for the quarter ended 31 December 2016.

In accordance with Article 16.2 of the Prospectus Directive, in the case of an offer of Notes to the public, investors who have already agreed to purchase or subscribe for Notes issued under the Programme before this First Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date of publication of this First Supplement to withdraw their acceptances. This right to withdraw shall expire by close of business on 10 February 2017.

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**PRESS RELEASE AND RELATED PRESENTATION DATED 7 FEBRUARY 2017**

BNP Paribas have 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.

**AMENDMENTS TO THE PROGRAMME SUMMARY AND PRO FORMA ISSUE SPECIFIC SUMMARY OF THE PROGRAMME**

1. The "Programme Summary" on pages 5 to 37 of the Base Prospectus is amended as follows:

- (a) Element B.12 is amended by the deletion of the table entitled "**Comparative Annual Financial Data – In millions of EUR**" immediately above the heading "**Comparative Interim Financial Data for the six-month period ended 30 June 2016 – In millions of EUR**" and its replacement with the following:

<b>Comparative Annual Financial Data– In millions of EUR</b>		
	<b>31/12/2016 (unaudited)</b>	<b>31/12/2015 (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 (Basel 3 fully loaded, CRD4)	11.5%	10.9%
	<b>31/12/2016 (unaudited)</b>	<b>31/12/2015 (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

- (b) Element B.13 is deleted in its entirety and replaced with the following:

<b>B.13</b>	Events impacting the Issuer's solvency	Not applicable, as at 8 February 2017 and to the best of the Issuer's knowledge, there have not been any recent events which are to a material extent relevant to the evaluation of the Issuer's solvency since 30 June 2016.
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- (c) In Element C.8, the definition of "**MREL/TLAC Disqualification Event**" under the subheading "**Substitution and Variation**" is deleted in its entirety and replaced with the following:

""**MREL/TLAC Disqualification Event**" means the determination by the Issuer, that as a result of a change in French and/or EU laws or regulations becoming effective on or after the Issue Date of a Series of Senior Non Preferred Notes, which change was not reasonably foreseeable by the Issuer as at the Issue Date of the Series, it is likely that all or part of the aggregate outstanding nominal amount of such Series of Notes will be excluded from the eligible liabilities available to meet the MREL/TLAC Requirements (however called or defined by then applicable regulations) if the Issuer is then subject to such requirements, provided that a MREL/TLAC Disqualification Event shall not occur where such Series of Notes is excluded on the basis (1) that the remaining maturity of such Notes is less than any period prescribed by any applicable eligibility criteria under the MREL/TLAC Requirements, or (2) of any applicable limits on the amount of eligible liabilities to meet the MREL/TLAC Requirements."

(d) Element D.2 is deleted in its entirety and replaced with the following:

<p><b>D.2</b></p>	<p>Key risks regarding the Issuer</p>	<p>Potential investors should have sufficient knowledge and experience in capital markets transactions and should be able to correctly assess the risks associated with Notes. Certain risk factors may affect the Issuer's ability to fulfil its obligations under the Notes, some of which are beyond its control. An investment in Notes presents certain risks that should be taken into account before any investment decision is made. In particular, the Issuer, together with the BNPP Group is exposed to the risks associated with its activities, as described below:</p> <p>As defined in the 2015 Registration Document and Annual Financial Report, eleven main categories of risk are inherent in BNPP's activities:</p> <ol style="list-style-type: none"> <li>(1) <i>Credit Risk</i> – 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;</li> <li>(2) <i>Counterparty Credit Risk</i> – 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 the Bank 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;</li> <li>(3) <i>Securitisation</i> – Securitisation means a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranching, having the following characteristics:</li> </ol>
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- 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;

- (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 as 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;



- (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 the Bank'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 Subscription Risk* – Insurance subscription 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 the Bank's financial condition, results of operations and cost of risk.

- (b) 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.
- (c) Due to the geographic scope of its activities, BNPP may be vulnerable to country or regional-specific political, macroeconomic and financial environments or circumstances.
- (d) 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.
- (e) Significant interest rate changes could adversely affect BNPP's revenues or profitability.
- (f) The prolonged low interest rate environment carries inherent systemic risks, and an exit from such environment also carries risks.
- (g) The soundness and conduct of other financial institutions and market participants could adversely affect BNPP.
- (h) BNPP may incur significant losses on its trading and investment activities due to market fluctuations and volatility.
- (i) BNPP may generate lower revenues from brokerage and other commission and fee-based businesses during market downturns.
- (j) Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and possibly leading to material losses.
- (k) 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.
- (l) BNPP is subject to extensive and evolving regulatory regimes in the jurisdictions in which it operates.
- (m) BNPP may incur substantial fines and other administrative and criminal penalties for non-compliance with applicable laws and regulations,

		<p>and may also incur losses in related (or unrelated) litigation with private parties.</p> <p>(n) There are risks related to the implementation of BNPP's strategic plans.</p> <p>(o) BNPP may experience difficulties integrating acquired companies and may be unable to realize the benefits expected from its acquisitions.</p> <p>(p) Intense competition by banking and non-banking operators could adversely affect BNPP's revenues and profitability.</p> <p>(q) 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.</p> <p>(r) BNPP's risk management policies, procedures and methods may leave it exposed to unidentified or unanticipated risks, which could lead to material losses.</p> <p>(s) BNPP's hedging strategies may not prevent losses.</p> <p>(t) 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.</p> <p>(u) 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.</p> <p>(v) BNPP's competitive position could be harmed if its reputation is damaged.</p> <p>(w) 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.</p> <p>(x) Unforeseen external events may disrupt BNPP's operations and cause substantial losses and additional costs.</p>
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2. The "Pro Forma Issue Specific Summary of the Programme" on pages 76 to 109 of the Base Prospectus is amended as follows:

- (a) Element B.12 is amended by the deletion of the table entitled "**Comparative Annual Financial Data – In millions of EUR**" immediately above the heading "**Comparative Interim Financial Data for the six-month period ended 30 June 2016 – In millions of EUR**" and its replacement with the following:

<b>Comparative Annual Financial Data– In millions of EUR</b>		
	<b>31/12/2016 (unaudited)</b>	<b>31/12/2015 (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 (Basel 3 fully loaded, CRD4)	11.5%	10.9%
	<b>31/12/2016 (unaudited)</b>	<b>31/12/2015 (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

(b) Element B.13 is deleted in its entirety and replaced with the following:

<b>B.13</b>	Events impacting the Issuer's solvency	[Not applicable, as at 8 February 2017 and to the best of the Issuer's knowledge, there have not been any recent events which are to a material extent relevant to the evaluation of the Issuer's solvency since 30 June 2016.]  [Specify any recent events which are to a material extent relevant to the evaluation of the Issuer's solvency.]
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(C) Element D.2 is deleted in its entirety and replaced with the following:

<b>D.2</b>	Key risks regarding the Issuer	[Potential investors should have sufficient knowledge and experience in capital markets transactions and should be able to correctly assess the risks associated with Notes. Certain risk factors may affect the Issuer's ability to fulfil its obligations under the Notes, some of which are beyond its control. An investment in Notes presents certain risks that should be taken into account before any investment decision is made. In particular, the Issuer, together with the BNPP Group is exposed to the risks associated with its activities, as described below:]
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As defined in the 2015 Registration Document and Annual Financial Report, 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 the Bank 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 tranced, 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;

- (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 as 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;

- (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 the Bank'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 Subscription Risk* – Insurance subscription 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 the Bank's financial condition, results of operations and cost of risk.
  - (b) 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.
  - (c) Due to the geographic scope of its activities, BNPP may be vulnerable to country or regional-specific political, macroeconomic and financial environments or circumstances.
  - (d) 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.
  - (e) Significant interest rate changes could adversely affect BNPP's revenues or profitability.
  - (f) The prolonged low interest rate environment carries inherent systemic risks, and an exit from such environment also carries risks.
  - (g) The soundness and conduct of other financial institutions and market participants could adversely affect BNPP.



- (h) BNPP may incur significant losses on its trading and investment activities due to market fluctuations and volatility.
- (i) BNPP may generate lower revenues from brokerage and other commission and fee-based businesses during market downturns.
- (j) Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and possibly leading to material losses.
- (k) 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.
- (l) BNPP is subject to extensive and evolving regulatory regimes in the jurisdictions in which it operates.
- (m) 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.
- (n) There are risks related to the implementation of BNPP's strategic plans.
- (o) BNPP may experience difficulties integrating acquired companies and may be unable to realize the benefits expected from its acquisitions.
- (p) Intense competition by banking and non-banking operators could adversely affect BNPP's revenues and profitability.
- (q) 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.
- (r) BNPP's risk management policies, procedures and methods may leave it exposed to unidentified or unanticipated risks, which could lead to material losses.
- (s) BNPP's hedging strategies may not prevent losses.
- (t) 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

		<p>and shareholders' equity.</p> <ul style="list-style-type: none"> <li>(u) 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.</li> <li>(v) BNPP's competitive position could be harmed if its reputation is damaged.</li> <li>(w) 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.</li> <li>(x) Unforeseen external events may disrupt BNPP's operations and cause substantial losses and additional costs.</li> </ul>
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**AMENDMENTS TO THE PROGRAMME SUMMARY (IN FRENCH) AND TO THE PRO FORMA  
ISSUE SPECIFIC SUMMARY OF THE PROGRAMME (IN FRENCH)**

1. Le "Résumé du Programme" figurant aux pages 38 à 75 du Prospectus de Base est modifié comme suit:

- (a) L'Elément B.12 est modifié par la suppression du tableau intitulé "**Données Financières Annuelles Comparées – En millions d'EUR**" placé immédiatement au-dessus de l'intitulé "**Données Financières Intermédiaires Comparées pour la période de 6 mois se terminant le 30 juin 2016 – En millions d'EUR**" et est remplacé par le tableau suivant :

<b>Données Financières Annuelles Comparées – En millions d'EUR</b>		
	<b>31/12/2016 (non auditées)</b>	<b>31/12/2015 (auditées)</b>
Produit Net Bancaire	43.411	42.938
Coût du Risque	(3.262)	(3.797)
Résultat Net, part du Groupe	7.702	6.694
	<b>31/12/2016</b>	<b>31/12/2015</b>
Ratio Common equity Tier 1 (Bâle 3 pleinement applicable, CRD4)	11,5%	10,9%
	<b>31/12/2016 (non auditées)</b>	<b>31/12/2015 (auditées)</b>
Total du bilan consolidé	2.076.959	1.994.193
Total des prêts et créances sur la clientèle	712.233	682.497
Total des dettes envers la clientèle	765.953	700.309
Capitaux Propres (part du Groupe)	100.665	96.269

- (b) L'Elément B.13 est intégralement supprimé et remplacé par ce qui suit :

<b>B.13</b>	Evénements impactant la solvabilité de l'Emetteur	Sans objet, au 8 février 2017 et à la connaissance de l'Emetteur, il ne s'est produit aucun événement récent qui présente un intérêt significatif pour l'évaluation de la solvabilité de l'Emetteur depuis le 30 juin 2016.
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- (c) Dans l'Elément C.8, la définition de "**Cas d'Inéligibilité MREL/TLAC**" placée sous le sous-titre "**Substitution et Modification**" est intégralement supprimée et remplacée par ce qui suit :

""Cas d'Inéligibilité MREL/TLAC" désigne la détermination par l'Emetteur, qu'à la suite d'un changement dans les législations et réglementations françaises et/ou européennes devenu effectif à compter de la Date d'Emission d'une Souche d'Obligations Senior Non Préférées concernée, ce changement ne devant pas avoir pu être raisonnablement anticipé par l'Emetteur à la Date d'Emission de cette Souche, il est probable que tout ou partie du montant nominal total de cette Souche d'Obligations sera exclu des engagements éligibles pour remplir les Exigences MREL/TLAC (quel que soit le nom ou la définition qui leur est donné par la réglementation alors applicable) si l'Emetteur est alors soumis à ces exigences, étant entendu qu'un Cas d'Inéligibilité MREL/TLAC ne se produira pas lorsque ladite Souche d'Obligations est exclue (1) car la maturité restante des Obligations est inférieure à la durée requise par les critères d'éligibilité des Exigences MREL/TLAC applicables ou (2) sur la base des limites applicables au montant d'engagements éligibles pour remplir les Exigences MREL/TLAC."

(d) L'Elément D.2 est intégralement supprimé et remplacé par ce qui suit :

<p><b>D.2</b></p>	<p>Principaux risques propres à l'Emetteur</p>	<p>Les investisseurs potentiels devraient avoir une expérience et une connaissance suffisantes concernant les transactions réalisées sur les marchés de capitaux et devraient être en mesure d'évaluer correctement les risques liés aux Obligations. Certains facteurs de risque peuvent affecter la capacité de l'Emetteur à remplir ses obligations en vertu des Obligations, dont certains sont au-delà de sa maîtrise. Un investissement dans les Obligations présente certains risques qui devraient être pris en compte avant qu'une décision d'investissement ne soit prise. Plus particulièrement, l'Emetteur, ensemble avec le Groupe BNPP, est exposé aux risques inhérents à ses activités, tels que décrits ci-dessous :</p> <p>Onze principaux risques, tels que définis dans le document de référence et rapport financier annuel 2015, sont inhérents aux activités de BNPP :</p> <p>(1) <i>Risque de crédit</i> – le risque de crédit est la probabilité que l'emprunteur de la banque ou une contrepartie ne remplisse pas ses obligations conformément aux conditions convenues. L'évaluation de cette probabilité de défaut et le taux de recouvrement du prêt ou de la créance en cas de défaut sont des éléments essentiels de l'évaluation de la qualité de crédit ;</p> <p>(2) <i>Risque de crédit de la contrepartie</i> – Le risque de crédit de la contrepartie est la manifestation du risque de crédit à l'occasion d'opérations de paiement ou de transactions entre des contreparties. Ces opérations comprennent les contrats financiers bilatéraux, c'est-à-dire de gré à gré (over-the-counter – OTC) qui peuvent exposer la Banque au risque de défaut de sa contrepartie, ainsi que les contrats compensés auprès d'une chambre de compensation. Le montant de ce risque varie au cours du temps avec l'évolution des paramètres de marché affectant la valeur potentielle future des</p>
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transactions ou portefeuilles concernés ;

(3) *Titrisation* – La Titrisation est une opération ou un montage par lequel le risque de crédit associé à une exposition ou à un ensemble d'expositions est subdivisé en tranches, et qui présente les caractéristiques suivantes :

- les paiements effectués dans le cadre de l'opération ou du montage dépendent de la performance de l'exposition ou de l'ensemble d'expositions d'origine ;
- la subordination des tranches détermine la répartition des pertes pendant la durée du transfert de risque.

Tout engagement pris dans le cadre d'une structure de titrisation (y compris les dérivés et les lignes de liquidité) est considéré comme une exposition de titrisation. L'essentiel de ces engagements est en portefeuille bancaire prudentiel ;

(4) *Risque de marché* – Le risque de marché est le risque de perte de valeur provoqué par une évolution défavorable des prix ou des paramètres de marché, que ces derniers soient directement observables ou non.

Les paramètres de marché observables sont, sans que cette liste soit exhaustive, les taux de change, les cours des valeurs mobilières et des matières premières négociables (que le prix soit directement coté ou obtenu par référence à un actif similaire), le prix de dérivés ainsi que tous les paramètres qui peuvent être induits de ceux-là, comme les taux d'intérêt, les marges de crédit, les volatilités ou les corrélations implicites ou d'autres paramètres similaires.

Les paramètres non observables sont ceux fondés sur des hypothèses de travail comme les paramètres contenus dans les modèles ou basés sur des analyses statistiques ou économiques qui ne sont pas vérifiables sur le marché.

Dans les portefeuilles de négoce obligataire, les instruments de crédit sont valorisés sur la base des taux obligataires et des marges de crédit, lesquels sont considérés comme des paramètres de marché au même titre que les taux d'intérêt ou les taux de change. Le risque sur le crédit de l'émetteur de l'instrument est ainsi un composant du risque de marché, appelé risque émetteur.

L'absence de liquidité est un facteur important de risque de marché. En cas de restriction ou de disparition de la liquidité, un instrument ou un actif marchand peut ne pas être négociable ou ne pas l'être à sa valeur estimée, par exemple du fait d'une

réduction du nombre de transactions, de contraintes juridiques ou encore d'un fort déséquilibre de l'offre et de la demande de certains actifs.

Le risque relatif aux activités bancaires recouvre le risque de perte sur les participations en actions d'une part, et le risque de taux et de change relatifs aux activités d'intermédiation bancaire d'autre part ;

- (5) *Risque opérationnel* – Le risque opérationnel est le risque de perte résultant de processus internes défaillants ou inadéquats ou d'événements externes, qu'ils soient de nature délibérée, accidentelle ou naturelle. Sa gestion repose sur l'analyse de l'enchaînement cause – événement – effet.

Les processus internes sont notamment ceux impliquant le personnel et les systèmes informatiques. Les inondations, les incendies, les tremblements de terre, les attaques terroristes sont des exemples d'événements externes. Les événements de crédit ou de marché comme les défauts ou les changements de valeur n'entrent pas dans le champ d'analyse du risque opérationnel.

Le risque opérationnel recouvre la fraude, les risques en lien avec les ressources humaines, les risques juridiques, les risques de non-conformité, les risques fiscaux, les risques liés aux systèmes d'information, la fourniture de services financiers inappropriés (conduct risk), les risques de défaillance des processus opérationnels y compris les processus de crédit, ou l'utilisation d'un modèle (risque de modèle), ainsi que les conséquences pécuniaires éventuelles liées à la gestion du risque de réputation ;

- (6) *Risque de non-conformité et de réputation* – Le risque de non-conformité est défini dans la réglementation française comme le risque de sanction judiciaire, administrative ou disciplinaire, de perte financière significative ou d'atteinte à la réputation, qui naît du non-respect de dispositions propres aux activités bancaires et financières, qu'elles soient de nature législative ou réglementaire, nationales ou européennes directement applicables ou qu'il s'agisse de normes professionnelles et déontologiques, ou d'instructions de l'organe exécutif prises, notamment, en application des orientations de l'organe de surveillance.

Par définition, ce risque est un sous-ensemble du risque opérationnel. Cependant, certains impacts liés au risque de non-conformité peuvent représenter davantage qu'une pure perte de valeur économique et peuvent nuire à la réputation de

l'établissement. C'est pour cette raison que la Banque traite le risque de non-conformité en tant que tel.

Le risque de réputation est le risque d'atteinte à la confiance que portent à l'entreprise ses clients, ses contreparties, ses fournisseurs, ses collaborateurs, ses actionnaires, ses superviseurs ou tout autre tiers dont la confiance, à quelque titre que ce soit, est une condition nécessaire à la poursuite normale de l'activité.

Le risque de réputation est essentiellement un risque contingent à tous les autres risques encourus par la Banque ;

- (7) *Risque de concentration* – Le risque de concentration et son corollaire, les effets de diversification, sont intégrés au sein de chaque risque notamment en ce qui concerne le risque de crédit, le risque de marché et le risque opérationnel via les paramètres de corrélation pris en compte par les modèles traitant de ces risques.

Le risque de concentration est apprécié au niveau du Groupe consolidé et du conglomérat financier qu'il représente ;

- (8) *Risque de taux de portefeuille bancaire* – Le risque de taux du portefeuille bancaire est le risque de perte de résultats lié aux décalages de taux, d'échéance et de nature entre les actifs et passifs. Pour les activités bancaires, ce risque s'analyse hors du portefeuille de négociation et recouvre essentiellement ce qui est appelé le risque global de taux ;

- (9) *Risque stratégique et risque lié à l'activité* – Le risque stratégique est le risque que des choix stratégiques de la Banque se traduisent par une baisse du cours de son action.

Le risque lié à l'activité correspond au risque de perte d'exploitation résultant d'un changement d'environnement économique entraînant une baisse des recettes, conjugué à une élasticité insuffisante des coûts.

Ces deux types de risque sont suivis par le Conseil d'administration ;

- (10) *Risque de liquidité* – Selon la réglementation, le risque de liquidité est défini comme le risque qu'une banque ne puisse pas honorer ses engagements ou dénouer ou compenser une position en raison de la situation du marché ou de facteurs idiosyncratiques, dans un délai déterminé et à un coût raisonnable ; et

- (11) *Risque de souscription d'assurance* – Le risque de souscription d'assurance est le risque de perte

résultant d'une évolution défavorable de la sinistralité des différents engagements d'assurance. Selon l'activité d'assurance (assurance-vie, prévoyance ou rentes), ce risque peut être statistique, macroéconomique, comportemental, lié à la santé publique ou à la survenance de catastrophes. Le risque de souscription d'assurance n'est pas la composante principale des risques liés à l'assurance-vie où les risques financiers sont prédominants.

- (a) Des conditions macroéconomiques et de marché difficiles ont eu et pourraient continuer à avoir un effet défavorable significatif sur les conditions dans lesquelles évoluent les établissements financiers et en conséquence sur la situation financière, les résultats opérationnels et le coût du risque de la Banque.
- (b) Le référendum au Royaume-Uni sur la sortie de l'Union européenne pourrait générer des incertitudes significatives, de la volatilité et des changements importants sur les marchés économiques et financiers européens et mondiaux et avoir alors un effet défavorable sur l'environnement dans lequel la Banque évolue.
- (c) Du fait du périmètre géographique de ses activités, la Banque pourrait être vulnérable aux contextes ou circonstances politiques, macroéconomiques ou financiers d'une région ou d'un pays.
- (d) L'accès de la Banque au financement et les coûts de ce financement pourraient être affectés de manière défavorable en cas de résurgence des crises financières, de détérioration des conditions économiques, de dégradation de notation, d'accroissement des spreads de crédit des États ou d'autres facteurs.
- (e) Toute variation significative des taux d'intérêt est susceptible de peser sur les revenus ou sur la rentabilité de la Banque.
- (f) Un environnement prolongé de taux d'intérêt bas comporte des risques systémiques inhérents et la sortie d'un tel environnement comporte également des risques.
- (g) La solidité financière et le comportement des autres institutions financières et acteurs du marché pourraient avoir un effet défavorable sur la Banque.
- (h) Les fluctuations de marché et la volatilité exposent la Banque au risque de pertes substantielles dans le cadre de ses activités de marché et d'investissement.
- (i) Les revenus tirés des activités de courtage et des activités générant des commissions sont



potentiellement vulnérables à une baisse des marchés.

- (j) Une baisse prolongée des marchés peut réduire la liquidité et rendre plus difficile la cession d'actifs. Une telle situation peut engendrer des pertes significatives.
- (k) Des mesures législatives et réglementaires prises ces dernières années, en particulier en réponse à la crise financière mondiale pourraient affecter de manière substantielle la Banque ainsi que l'environnement financier et économique dans lequel elle opère.
- (l) La Banque est soumise à une réglementation importante et fluctuante dans les juridictions où elle exerce ses activités.
- (m) En cas de non-conformité avec les lois et règlements applicables, la Banque pourrait être exposée à des amendes significatives et d'autres sanctions administratives et pénales, et pourrait subir des pertes à la suite d'un contentieux privé, en lien ou non avec ces sanctions.
- (n) Risques liés à la mise en œuvre des plans stratégiques de la Banque.
- (o) La Banque pourrait connaître des difficultés relatives à l'intégration des sociétés acquises et pourrait ne pas réaliser les bénéfices attendus de ses acquisitions.
- (p) Une intensification de la concurrence, par des acteurs bancaires et non bancaires, pourrait peser sur ses revenus et sa rentabilité.
- (q) Toute augmentation substantielle des provisions ou tout engagement insuffisamment provisionné pourrait peser sur les résultats et sur la situation financière de la Banque.
- (r) Les politiques, procédures et méthodes de gestion du risque mises en œuvre par la Banque pourraient l'exposer à des risques non identifiés ou imprévus, susceptibles d'occasionner des pertes significatives.
- (s) Les stratégies de couverture mises en place par la Banque n'écartent pas tout risque de perte.
- (t) Des ajustements apportés à la valeur comptable des portefeuilles de titres et d'instruments dérivés de la Banque ainsi que de la dette de la Banque pourraient avoir un effet sur son résultat net et sur ses capitaux propres.
- (u) Le changement attendu des principes comptables relatifs aux instruments financiers pourrait avoir un impact sur le bilan de la Banque ainsi que sur les ratios réglementaires de fonds propres et entraîner

		des coûts supplémentaires.
(v)		Tout préjudice porté à la réputation de la Banque pourrait nuire à sa compétitivité.
(w)		Toute interruption ou défaillance des systèmes informatiques de la Banque, pourrait provoquer des pertes significatives d'informations relatives aux clients, nuire à la réputation de la Banque et provoquer des pertes financières.
(x)		Des événements externes imprévus pourraient provoquer une interruption des activités de la Banque et entraîner des pertes substantielles ainsi que des coûts supplémentaires.

2. Le "Modèle de Résumé du Programme Spécifique à l'Emission en relation avec le Prospectus de Base" figurant aux pages 110 à 148 du Prospectus de Base est modifié comme suit:

- (a) L'Elément B.12 est modifié par la suppression du tableau intitulé "**Données Financières Annuelles Comparées – En millions d'EUR**" placé immédiatement au-dessus de l'intitulé "**Données Financières Intermédiaires Comparées pour la période de 6 mois se terminant le 30 juin 2016 – En millions d'EUR**" et est remplacé par le tableau suivant :

<b>Données Financières Annuelles Comparées – En millions d'EUR</b>		
	<b>31/12/2016 (non auditées)</b>	<b>31/12/2015 (auditées)</b>
Produit Net Bancaire	43.411	42.938
Coût du Risque	(3.262)	(3.797)
Résultat Net, part du Groupe	7.702	6.694
	<b>31/12/2016</b>	<b>31/12/2015</b>
Ratio Common equity Tier 1 (Bâle 3 pleinement applicable, CRD4)	11,5%	10,9%
	<b>31/12/2016 (non auditées)</b>	<b>31/12/2015 (auditées)</b>
Total du bilan consolidé	2.076.959	1.994.193
Total des prêts et créances sur la clientèle	712.233	682.497
Total des dettes envers la clientèle	765.953	700.309
Capitaux Propres (part du Groupe)	100.665	96.269

- (b) L'Elément B.13 est intégralement supprimé et remplacé par ce qui suit :

<b>B.13</b>	Evénements impactant la solvabilité de l'Emetteur	<p>[Sans objet, au 8 février 2017 et à la connaissance de l'Emetteur, il ne s'est produit aucun événement récent qui présente un intérêt significatif pour l'évaluation de la solvabilité de l'Emetteur depuis le 30 juin 2016.]</p> <p>[Préciser tout événement récent significatif pertinent pour l'évaluation de la solvabilité de l'Emetteur.]</p>
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(c) L'Elément D.2 est intégralement supprimé et remplacé par ce qui suit :

<b>D.2</b>	Principaux risques propres à l'Emetteur	<p>[Les investisseurs potentiels devraient avoir une expérience et une connaissance suffisantes concernant les transactions réalisées sur les marchés de capitaux et devraient être en mesure d'évaluer correctement les risques liés aux Obligations. Certains facteurs de risque peuvent affecter la capacité de l'Emetteur à remplir ses obligations en vertu des Obligations, dont certains sont au-delà de sa maîtrise. Un investissement dans les Obligations présente certains risques qui devraient être pris en compte avant qu'une décision d'investissement ne soit prise. Plus particulièrement, l'Emetteur, ensemble avec le Groupe BNPP, est exposé aux risques inhérents à ses activités, tels que décrits ci-dessous :]</p> <p>Onze principaux risques, tels que définis dans le document de référence et rapport financier annuel 2015, sont inhérents aux activités de BNPP :</p> <p>(1) <i>Risque de crédit</i> – le risque de crédit est la probabilité que l'emprunteur de la banque ou une contrepartie ne remplisse pas ses obligations conformément aux conditions convenues. L'évaluation de cette probabilité de défaut et le taux de recouvrement du prêt ou de la créance en cas de défaut sont des éléments essentiels de l'évaluation de la qualité de crédit ;</p> <p>(2) <i>Risque de crédit de la contrepartie</i> – Le risque de crédit de la contrepartie est la manifestation du risque de crédit à l'occasion d'opérations de paiement ou de transactions entre des contreparties. Ces opérations comprennent les contrats financiers bilatéraux, c'est-à-dire de gré à gré (over-the-counter – OTC) qui peuvent exposer la Banque au risque de défaut de sa contrepartie, ainsi que les contrats compensés auprès d'une chambre de compensation. Le montant de ce risque varie au cours du temps avec l'évolution des paramètres de marché affectant la valeur potentielle future des transactions ou portefeuilles concernés ;</p> <p>(3) <i>Titrisation</i> – La Titrisation est une opération ou un montage par lequel le risque de crédit associé à une exposition ou à un ensemble d'expositions est subdivisé en tranches, et qui présente les</p>
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caractéristiques suivantes :

- les paiements effectués dans le cadre de l'opération ou du montage dépendent de la performance de l'exposition ou de l'ensemble d'expositions d'origine ;
- la subordination des tranches détermine la répartition des pertes pendant la durée du transfert de risque.

Tout engagement pris dans le cadre d'une structure de titrisation (y compris les dérivés et les lignes de liquidité) est considéré comme une exposition de titrisation. L'essentiel de ces engagements est en portefeuille bancaire prudentiel ;

- (4) Risque de marché – Le risque de marché est le risque de perte de valeur provoqué par une évolution défavorable des prix ou des paramètres de marché, que ces derniers soient directement observables ou non.

Les paramètres de marché observables sont, sans que cette liste soit exhaustive, les taux de change, les cours des valeurs mobilières et des matières premières négociables (que le prix soit directement coté ou obtenu par référence à un actif similaire), le prix de dérivés ainsi que tous les paramètres qui peuvent être induits de ceux-là, comme les taux d'intérêt, les marges de crédit, les volatilités ou les corrélations implicites ou d'autres paramètres similaires.

Les paramètres non observables sont ceux fondés sur des hypothèses de travail comme les paramètres contenus dans les modèles ou basés sur des analyses statistiques ou économiques qui ne sont pas vérifiables sur le marché.

Dans les portefeuilles de négoce obligataire, les instruments de crédit sont valorisés sur la base des taux obligataires et des marges de crédit, lesquels sont considérés comme des paramètres de marché au même titre que les taux d'intérêt ou les taux de change. Le risque sur le crédit de l'émetteur de l'instrument est ainsi un composant du risque de marché, appelé risque émetteur.

L'absence de liquidité est un facteur important de risque de marché. En cas de restriction ou de disparition de la liquidité, un instrument ou un actif marchand peut ne pas être négociable ou ne pas l'être à sa valeur estimée, par exemple du fait d'une réduction du nombre de transactions, de contraintes juridiques ou encore d'un fort déséquilibre de l'offre et de la demande de certains actifs.

Le risque relatif aux activités bancaires recouvre le risque de perte sur les participations en actions

d'une part, et le risque de taux et de change relatifs aux activités d'intermédiation bancaire d'autre part ;

- (5) *Risque opérationnel* – Le risque opérationnel est le risque de perte résultant de processus internes défaillants ou inadéquats ou d'événements externes, qu'ils soient de nature délibérée, accidentelle ou naturelle. Sa gestion repose sur l'analyse de l'enchaînement cause – événement – effet.

Les processus internes sont notamment ceux impliquant le personnel et les systèmes informatiques. Les inondations, les incendies, les tremblements de terre, les attaques terroristes sont des exemples d'événements externes. Les événements de crédit ou de marché comme les défauts ou les changements de valeur n'entrent pas dans le champ d'analyse du risque opérationnel.

Le risque opérationnel recouvre la fraude, les risques en lien avec les ressources humaines, les risques juridiques, les risques de non-conformité, les risques fiscaux, les risques liés aux systèmes d'information, la fourniture de services financiers inappropriés (conduct risk), les risques de défaillance des processus opérationnels y compris les processus de crédit, ou l'utilisation d'un modèle (risque de modèle), ainsi que les conséquences pécuniaires éventuelles liées à la gestion du risque de réputation ;

- (6) *Risque de non-conformité et de réputation* – Le risque de non-conformité est défini dans la réglementation française comme le risque de sanction judiciaire, administrative ou disciplinaire, de perte financière significative ou d'atteinte à la réputation, qui naît du non-respect de dispositions propres aux activités bancaires et financières, qu'elles soient de nature législative ou réglementaire, nationales ou européennes directement applicables ou qu'il s'agisse de normes professionnelles et déontologiques, ou d'instructions de l'organe exécutif prises, notamment, en application des orientations de l'organe de surveillance.

Par définition, ce risque est un sous-ensemble du risque opérationnel. Cependant, certains impacts liés au risque de non-conformité peuvent représenter davantage qu'une pure perte de valeur économique et peuvent nuire à la réputation de l'établissement. C'est pour cette raison que la Banque traite le risque de non-conformité en tant que tel.

Le risque de réputation est le risque d'atteinte à la confiance que portent à l'entreprise ses clients, ses

contreparties, ses fournisseurs, ses collaborateurs, ses actionnaires, ses superviseurs ou tout autre tiers dont la confiance, à quelque titre que ce soit, est une condition nécessaire à la poursuite normale de l'activité.

Le risque de réputation est essentiellement un risque contingent à tous les autres risques encourus par la Banque ;

- (7) *Risque de concentration* – Le risque de concentration et son corollaire, les effets de diversification, sont intégrés au sein de chaque risque notamment en ce qui concerne le risque de crédit, le risque de marché et le risque opérationnel via les paramètres de corrélation pris en compte par les modèles traitant de ces risques.

Le risque de concentration est apprécié au niveau du Groupe consolidé et du conglomérat financier qu'il représente ;

- (8) *Risque de taux de portefeuille bancaire* – Le risque de taux du portefeuille bancaire est le risque de perte de résultats lié aux décalages de taux, d'échéance et de nature entre les actifs et passifs. Pour les activités bancaires, ce risque s'analyse hors du portefeuille de négociation et recouvre essentiellement ce qui est appelé le risque global de taux ;

- (9) *Risque stratégique et risque lié à l'activité* – Le risque stratégique est le risque que des choix stratégiques de la Banque se traduisent par une baisse du cours de son action.

Le risque lié à l'activité correspond au risque de perte d'exploitation résultant d'un changement d'environnement économique entraînant une baisse des recettes, conjugué à une élasticité insuffisante des coûts.

Ces deux types de risque sont suivis par le Conseil d'administration ;

- (10) *Risque de liquidité* – Selon la réglementation, le risque de liquidité est défini comme le risque qu'une banque ne puisse pas honorer ses engagements ou dénouer ou compenser une position en raison de la situation du marché ou de facteurs idiosyncratiques, dans un délai déterminé et à un coût raisonnable ; et

- (11) *Risque de souscription d'assurance* – Le risque de souscription d'assurance est le risque de perte résultant d'une évolution défavorable de la sinistralité des différents engagements d'assurance. Selon l'activité d'assurance (assurance-vie, prévoyance ou rentes), ce risque peut être statistique, macroéconomique, comportemental, lié

à la santé publique ou à la survenance de catastrophes. Le risque de souscription d'assurance n'est pas la composante principale des risques liés à l'assurance-vie où les risques financiers sont prédominants.

- (a) Des conditions macroéconomiques et de marché difficiles ont eu et pourraient continuer à avoir un effet défavorable significatif sur les conditions dans lesquelles évoluent les établissements financiers et en conséquence sur la situation financière, les résultats opérationnels et le coût du risque de la Banque.
- (b) Le référendum au Royaume-Uni sur la sortie de l'Union européenne pourrait générer des incertitudes significatives, de la volatilité et des changements importants sur les marchés économiques et financiers européens et mondiaux et avoir alors un effet défavorable sur l'environnement dans lequel la Banque évolue.
- (c) Du fait du périmètre géographique de ses activités, la Banque pourrait être vulnérable aux contextes ou circonstances politiques, macroéconomiques ou financiers d'une région ou d'un pays.
- (d) L'accès de la Banque au financement et les coûts de ce financement pourraient être affectés de manière défavorable en cas de résurgence des crises financières, de détérioration des conditions économiques, de dégradation de notation, d'accroissement des spreads de crédit des États ou d'autres facteurs.
- (e) Toute variation significative des taux d'intérêt est susceptible de peser sur les revenus ou sur la rentabilité de la Banque.
- (f) Un environnement prolongé de taux d'intérêt bas comporte des risques systémiques inhérents et la sortie d'un tel environnement comporte également des risques.
- (g) La solidité financière et le comportement des autres institutions financières et acteurs du marché pourraient avoir un effet défavorable sur la Banque.
- (h) Les fluctuations de marché et la volatilité exposent la Banque au risque de pertes substantielles dans le cadre de ses activités de marché et d'investissement.
- (i) Les revenus tirés des activités de courtage et des activités générant des commissions sont potentiellement vulnérables à une baisse des marchés.
- (j) Une baisse prolongée des marchés peut réduire la liquidité et rendre plus difficile la cession d'actifs.

Une telle situation peut engendrer des pertes significatives.

- (k) Des mesures législatives et réglementaires prises ces dernières années, en particulier en réponse à la crise financière mondiale pourraient affecter de manière substantielle la Banque ainsi que l'environnement financier et économique dans lequel elle opère.
- (l) La Banque est soumise à une réglementation importante et fluctuante dans les juridictions où elle exerce ses activités.
- (m) En cas de non-conformité avec les lois et règlements applicables, la Banque pourrait être exposée à des amendes significatives et d'autres sanctions administratives et pénales, et pourrait subir des pertes à la suite d'un contentieux privé, en lien ou non avec ces sanctions.
- (n) Risques liés à la mise en œuvre des plans stratégiques de la Banque.
- (o) La Banque pourrait connaître des difficultés relatives à l'intégration des sociétés acquises et pourrait ne pas réaliser les bénéfices attendus de ses acquisitions.
- (p) Une intensification de la concurrence, par des acteurs bancaires et non bancaires, pourrait peser sur ses revenus et sa rentabilité.
- (q) Toute augmentation substantielle des provisions ou tout engagement insuffisamment provisionné pourrait peser sur les résultats et sur la situation financière de la Banque.
- (r) Les politiques, procédures et méthodes de gestion du risque mises en œuvre par la Banque pourraient l'exposer à des risques non identifiés ou imprévus, susceptibles d'occasionner des pertes significatives.
- (s) Les stratégies de couverture mises en place par la Banque n'écartent pas tout risque de perte.
- (t) Des ajustements apportés à la valeur comptable des portefeuilles de titres et d'instruments dérivés de la Banque ainsi que de la dette de la Banque pourraient avoir un effet sur son résultat net et sur ses capitaux propres.
- (u) Le changement attendu des principes comptables relatifs aux instruments financiers pourrait avoir un impact sur le bilan de la Banque ainsi que sur les ratios réglementaires de fonds propres et entraîner des coûts supplémentaires.
- (v) Tout préjudice porté à la réputation de la Banque pourrait nuire à sa compétitivité.



		<p>(w) Toute interruption ou défaillance des systèmes informatiques de la Banque, pourrait provoquer des pertes significatives d'informations relatives aux clients, nuire à la réputation de la Banque et provoquer des pertes financières.</p> <p>(x) Des événements externes imprévus pourraient provoquer une interruption des activités de la Banque et entraîner des pertes substantielles ainsi que des coûts supplémentaires.</p>
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## AMENDMENTS TO THE RISK FACTORS

The risk factor entitled "Risks Relating to the Bank and its Industry" and the sub-headings thereunder on pages 149 to 160 of the Base Prospectus are deleted in their entirety and replaced with the following:

### **"Risks Relating to the Bank and its Industry"**

This section summarises the principal risks that the Bank 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 the Bank, 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 the Bank's financial condition, results of operations and cost of risk.*

The Bank's businesses are highly sensitive to changes in financial markets and economic conditions globally and especially in Europe. In recent years, the Bank 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 the Bank'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. The Bank 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. The Bank 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 the Bank 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 the Bank's customers and financial institution counterparties, on market parameters such as interest rates, foreign exchange rates and stock market indices, and on the Bank'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 the Bank'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 the Bank's operating environment and therefore its results and financial condition.

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

The Bank 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. The Bank 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 the Bank operates could create difficult operating conditions, leading to operating losses or asset impairments.

*The Bank'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 the Bank, 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 the Bank in particular, the effect on the liquidity of the European financial sector in general and the Bank in particular could be materially adverse and have a negative impact on the Bank's results of operations and financial condition.

Downgrades in the credit ratings of France or of the Bank may increase the Bank's borrowing cost.

The Bank'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 the Bank'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 the Bank.

*Significant interest rate changes could adversely affect the Bank's revenues or profitability.*

The amount of net interest income earned by the Bank during any given period significantly affects its overall revenues and profitability for that period. Interest rates are affected by many factors beyond the Bank'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 the Bank's net interest income from its lending activities. In addition, maturity mismatches and interest rates rises relating to the Bank's short-term financing may adversely affect the Bank'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 the Bank may be unable to lower interest rates on deposits sufficiently to offset reduced income from lending at lower interest rates. In addition, the Bank 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 the Bank's portfolio of loans thereby causing a decline in the Bank'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 the Bank 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 the Bank 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 the Bank's underwriting activity, particularly in relation to non-investment grade lending, possibly leading to an increase in the Bank's cost of risk. In a rising interest rate environment, should the Bank's hedging strategies prove ineffective or provide only a partial hedge, the Bank 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 the Bank.*

The Bank'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. The Bank 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. The Bank 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). The Bank is exposed to credit

and counterparty risk in the event of default or financial distress of the Bank's counterparties or clients. This risk could be exacerbated if the collateral held by the Bank cannot be realised upon or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to the Bank 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 the Bank, 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 the Bank), 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 the Bank's results of operations.

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

The Bank 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 the Bank's expectations may lead to losses relating to a broad range of other products that the Bank uses, including swaps, forward and future contracts, options and structured products.

To the extent that the Bank 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 the Bank 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. The Bank 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 the Bank did not anticipate or against which it is not hedged, the Bank might realise a loss on those paired positions. Such losses, if significant, could adversely affect the Bank's results and financial condition.

*The Bank 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 the Bank provides securities underwriting, financial advisory and other investment banking services. The Bank'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 the Bank 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 the Bank receives from its asset management, equity derivatives and private banking businesses. Independently of market changes, below-market performance by the Bank's

mutual funds may result in increased withdrawals and reduced inflows, which would reduce the revenues the Bank receives from its asset management business. The Bank 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 the Bank'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 the Bank 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 the Bank 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 the Bank did not anticipate.

## **Regulatory Risks**

*Laws and regulations adopted in recent years, particularly in response to the global financial crisis, may materially impact the Bank 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 the Bank 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 the Bank), 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 the Bank; 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 the Bank as a systemically important financial institution increased the Bank's prudential requirements and may limit its ability to extend credit or to hold certain assets, particularly those with longer maturities. In 2011-2012, the Bank 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 the Bank) 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 the Bank 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, the Bank, 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 the Bank'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 the Bank, 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 the Bank 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 the Bank and weigh on the Bank'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 the Bank to designate or create an intermediate holding company ("**IHC**") for its U.S. subsidiaries by 1 July 2016. The Bank'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 the Bank). Under proposals that remain under consideration, the IHC and the combined U.S. operations of the Bank may become subject to limits on credit exposures to any single counterparty, and the combined U.S. operations of the Bank 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 the Bank 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, the Bank'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. The Bank will be subject to these requirements commencing 1 January 2019. The Bank'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 the Bank, for so long as the Bank maintains a single-point-of-entry resolution strategy. The rules also impose limitations on the types and amount of other financial transactions that the Bank'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 the Bank), 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 the Bank and its affiliates, to engage in proprietary trading and to sponsor or invest in private equity and hedge funds. The Bank 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 the Bank. These margin requirements, which began a progressive entry into effect in September 2016, will require the Bank 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 the Bank 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 the Bank'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 the Bank. The overall effect of these measures, whether already adopted or in the process of being adopted, has been and may further be to restrict the Bank'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.

*The Bank is subject to extensive and evolving regulatory regimes in the jurisdictions in which it operates.*

The Bank 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 the Bank 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 the Bank's business model, competitiveness and profitability, which could in turn affect its financial condition and results of operations.

*The Bank 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.*

The Bank 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 the Bank'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, the Bank 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 the Bank 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 the Bank 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, the Bank remains subject to increased scrutiny by regulatory authorities (including via the presence within the Bank of an independent consultant) who are monitoring its compliance with a remediation plan agreed with them.

The Bank is currently involved in various litigations and investigations as summarized in Note 8.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 the Bank's operating results for any particular period.

## **Risks Related to the Bank, its Strategy, Management and Operations**

*Risks related to the implementation of the Bank's strategic plans.*

The Bank 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 the Bank, 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.

The Bank'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.

*The Bank may experience difficulties integrating acquired companies and may be unable to realise the benefits expected from its acquisitions.*

The Bank 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 the Bank's existing operations with those of the acquired operations could interfere with the respective businesses and divert management's attention from other aspects of the Bank's business, which could have a negative impact on the business and results of the Bank. 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 the Bank undertakes an in-depth analysis of the companies it plans to acquire, such analyses often cannot be complete or exhaustive. As a result, the Bank 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 the Bank's revenues and profitability.*

Competition is intense in all of the Bank'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 the Bank 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 the Bank 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 the Bank.

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

In connection with its lending activities, the Bank regularly establishes provisions for loan losses, which are recorded in its profit and loss account under "cost of risk". The Bank'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 the Bank 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 the Bank'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 the Bank's results of operations and financial condition.

The Bank 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 the Bank's results of operation and, potentially, its financial condition.

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

The Bank 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, the Bank'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 the Bank may have failed to identify or anticipate. The Bank'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 the Bank's qualitative tools and metrics for managing risk are based on its use of observed historical market behaviour. The Bank applies statistical and other tools to these observations to arrive at quantifications of its risk exposures. The process the Bank 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 the Bank 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 the Bank's ability to manage its risks. The Bank's losses could therefore be significantly greater than the historical measures indicate. In addition, the Bank'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.

*The Bank's hedging strategies may not prevent losses.*

If any of the variety of instruments and strategies that the Bank uses to hedge its exposure to various types of risk in its businesses is not effective, the Bank may incur losses. Many of its strategies are based on historical trading patterns and correlations. For example, if the Bank 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 the Bank'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 the Bank'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 the Bank's reported earnings.

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

The carrying value of the Bank'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 the Bank'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 the Bank and add volatility to its regulatory capital ratios, and the costs incurred by the Bank relating to the implementation of such norms may have a negative impact on its results of operations.

*The Bank'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 the Bank's ability to attract and retain customers. The Bank's reputation could be harmed if it fails to adequately promote and market its products and services. The Bank's reputation could also be damaged if, as it increases its client base and the scale of its businesses, the Bank'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, the Bank's reputation could be damaged by employee misconduct, fraud or misconduct by market participants to which the Bank 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 the Bank 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 the Bank's information systems may result in material losses of client or customer information, damage to the Bank's reputation and lead to financial losses.*

As with most other banks, the Bank 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 the Bank's customer relationship management, general ledger, deposit, servicing and/or loan organisation systems. The Bank 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, the Bank may be unable to anticipate these techniques or to implement in a timely manner effective and efficient countermeasures. Any failures of or interruptions in the Bank's information systems and any subsequent disclosure of confidential information related to any client, counterpart or employee of the Bank (or any other person) or any intrusion or attack against the Bank's communication system could have an adverse effect on the Bank's reputation, financial condition and results of operations.

*Unforeseen external events may disrupt the Bank'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 the Bank, or lead to an abrupt interruption of the Bank'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 the Bank's costs (particularly insurance premiums)."

## AMENDMENTS TO THE TERMS AND CONDITIONS OF THE ENGLISH LAW NOTES

*In relation to the amendments to "Terms and Conditions of the English Law Notes" set out in this section text which, by virtue of this First Supplement, is deleted therefrom is shown with a line through the middle of the deleted text.*

The Terms and Conditions of the English Law Notes on pages 229 to 287 of the Base Prospectus are amended as follows:

The definition of "**MREL/TLAC Disqualification Event**" in Condition 5(o) on page 277 of the Base Prospectus is amended as follows:

**"MREL/TLAC Disqualification Event"** means the determination by the Issuer, that as a result of a change in French and/or EU laws or regulations becoming effective on or after the Issue Date of ~~the first Tranche of~~ a Series of Senior Non Preferred Notes, which change was not reasonably foreseeable by the Issuer as at the Issue Date of ~~the first Tranche of~~ the Series, it is likely that all or part of the aggregate outstanding nominal amount of such Series of Notes will be excluded from the eligible liabilities available to meet the MREL/TLAC Requirements (however called or defined by then applicable regulations) if the Issuer is then subject to such requirements, provided that a MREL/TLAC Disqualification Event shall not occur where such Series of Notes is excluded on the basis (1) that the remaining maturity of such Notes is less than any period prescribed by any applicable eligibility criteria under the MREL/TLAC Requirements, or (2) of any applicable limits on the amount of eligible liabilities to meet the MREL/TLAC Requirements.



## AMENDMENTS TO THE TERMS AND CONDITIONS OF THE FRENCH LAW NOTES

*In relation to the amendments to "Terms and Conditions of the French Law Notes" set out in this section text which, by virtue of this First Supplement, is deleted therefrom is shown with a line through the middle of the deleted text.*

The Terms and Conditions of the French Law Notes on pages 288 to 331 of the Base Prospectus are amended as follows:

The definition of "**MRAL/TLAC Disqualification Event**" in Condition 5(n) on page 322 of the Base Prospectus is amended as follows:

**"MRAL/TLAC Disqualification Event"** means the determination by the Issuer, that as a result of a change in French and/or EU laws or regulations becoming effective on or after the Issue Date of ~~the first Tranche of~~ a Series of Senior Non Preferred Notes, which change was not reasonably foreseeable by the Issuer as at the Issue Date of ~~the first Tranche of~~ the Series, it is likely that all or part of the aggregate outstanding nominal amount of such Series of Notes will be excluded from the eligible liabilities available to meet the MREL/TLAC Requirements (however called or defined by then applicable regulations) if the Issuer is then subject to such requirements, provided that a MREL/TLAC Disqualification Event shall not occur where such Series of Notes is excluded on the basis (1) that the remaining maturity of such Notes is less than any period prescribed by any applicable eligibility criteria under the MREL/TLAC Requirements, or (2) of any applicable limits on the amount of eligible liabilities to meet the MREL/TLAC Requirements.

## AMENDMENTS TO THE DESCRIPTION OF BNPP INDICES

*In relation to the amendments to the rows in the table under the heading "6. Millennium Indices" starting on page 612 of the Base Prospectus set out in this section text which, by virtue of this First Supplement, is added thereto is shown underlined.*

The section "Description of BNPP Indices" on pages 590 to 638 of the Base Prospectus is amended as follows:

- (a) the following rows on page 615 of the Base Prospectus under the heading "**6. Millennium Indices**" starting on page 612 of the Base Prospectus are amended as follows:

Index Name	Currency	Cash Kind	Min Exposure	Max Exposure	Target Volatility	Bloomberg Code	Cinergy Code
BNP Paribas Multi-Asset Diversified vol 4 EUR Future Index	EUR	ER	0%	150%	4.00%	BNPIMD4F	MD4F <del>ER</del>
BNP Paribas Multi-Asset Diversified vol 2 EUR Future Index	EUR	ER	0%	100%	2.00%	BNPIMD2F	MD2F <del>ER</del>
BNP Paribas Multi-Asset Diversified vol 8 USD Fx Hedged Future Index	USD	ER	0%	300%	8.00%	BNPID8UF	D8UF <del>ER</del>
BNP Paribas Multi-Asset Diversified vol 4 USD Fx Hedged Future Index	USD	ER	0%	150%	4.00%	BNPID4UF	D4UF <del>ER</del>
BNP Paribas Multi-Asset Diversified vol 2 USD Fx Hedged Future Index	USD	ER	0%	100%	2.00%	BNPID2UF	D2UF <del>ER</del>
BNP Paribas Multi-Asset Diversified vol 10 EUR Future Index	EUR	ER	0%	300%	10.00%	BNPID10F	D10F <del>ER</del>

**AMENDMENTS TO THE FORM OF FINAL TERMS AND FORM OF FINAL TERMS FOR EXEMPT NOTES**

*In relation to the amendments to item 71 (Part A – Contractual Terms) in each of the Form of Final Terms for Notes and the Form of Final Terms for Exempt Notes set out in this section: (i) text which, by virtue of this First Supplement, is added thereto is shown underlined, and (ii) text which, by virtue of this First Supplement, is deleted therefrom is shown with a line drawn through the middle of the deleted text.*

1. Item 71 (Part A – Contractual Terms) of the Form of Final Terms for Notes, as set out on pages 645 to 701 of the Base Prospectus is amended as follows:

71. United States Tax Considerations	<p><i>[Insert details]/[Not applicable]/[The Notes are [not] Specified Securities 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 Notes will be available at [give names and address(es)]. <u>[The Issuer will arrange for withholding under Section 871(m) to be imposed on any dividend equivalent payment at a rate of 30%.]</u></i></p> <p><i>(The Notes will not be Specified Securities if they (i) are issued prior to 1 January 201<del>8</del>7 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 Notes are issued on or after 1 January 201<del>8</del>7 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 Notes are Specified Securities, include the "Additional information" sentence and provide the appropriate contact information.)</i></p>
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2. Item 71 (Part A – Contractual Terms) of the Form of Final Terms for Exempt Notes, as set out on pages 702 to 753 of the Base Prospectus is amended as follows:

71. United States Tax Considerations	<p><i>[Insert details]/[Not applicable]/[The Notes are [not] Specified Securities 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 Notes will be available at [give names and address(es)]. <u>[The Issuer will arrange for withholding under Section 871(m) to be imposed on any dividend equivalent payment at a rate of 30%.]</u></i></p> <p><i>(The Notes will not be Specified Securities if they (i) are issued prior to 1 January 201<del>8</del>7 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 Notes are issued on or after 1 January 201<del>8</del>7 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 Notes are Specified Securities, include the "Additional information" sentence and provide the appropriate contact information.)</i></p>
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## AMENDMENTS TO THE TAXATION SECTION

*In relation to the amendments to the paragraphs under the sub-section "Belgian Income Tax" under the heading "Belgian Taxation" in the Taxation section starting on page 760 and ending on page 763 of the Base Prospectus set out in this section: (i) text which, by the virtue of this First Supplement, is deleted in "Belgian Income Tax" is shown with a line drawn through the middle of the deleted text, and (ii) text which by virtue of this First Supplement is added to "Belgian Income Tax" is shown underlined.*

The Belgian Taxation section on pages 760 to 764 of the Base Prospectus is amended as follows:

1. The paragraphs under the sub-section "**Belgian Income Tax**" on pages 760 to 763 of the Base Prospectus are amended as follows:

- (a) The second and third paragraphs under the sub-heading "*Belgian resident individual investors*" under the sub-section "**2. "Repayment or redemption by the Issuer"**" are amended as follows:

Payments of interest on the Structured Notes made through a paying agent in Belgium will in principle be subject to a ~~27-30~~ per cent. withholding tax in Belgium (calculated on the interest received after deduction of any non Belgian withholding taxes). The Belgian withholding tax constitutes the final income tax for Belgian resident individuals. This means that they do not have to declare the interest obtained on the Structured Notes in their personal income tax return, provided Belgian withholding tax was levied on these interest payments.

Nevertheless, Belgian resident individuals may elect to declare interest on the Structured Notes in their personal income tax return. Also, if the interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return. Interest income which is declared this way will in principle be taxed at a flat rate of ~~27-30~~ per cent. (or at the relevant progressive personal income tax rate(s), taking into account the taxpayer's other declared income, whichever is more beneficial) and no local surcharges will be due. The Belgian withholding tax levied may be credited against the income tax liability.

- (b) The third paragraph under the sub-heading "*Belgian resident corporate investors*" under the sub-section "**2. "Repayment or redemption by the Issuer"**" is amended as follows:

Interest payments on the Structured Notes made through a paying agent in Belgium are in principle be subject to a ~~27-30~~ per cent. withholding tax, but can under certain circumstances be exempt from Belgian withholding tax, provided that certain formalities are complied with. For zero or capitalisation bonds, an exemption will only apply if the Belgian company and the Issuer are associated companies within the meaning of article 105, 6° of the Royal Decree of 27 August 1993 implementing the Belgian Income Tax Code of 1992. The withholding tax that has been levied is creditable in accordance with the applicable legal provisions.

- (c) The second and third paragraphs under sub-heading "*Other Belgian legal entities*" under the sub-section "**2. "Repayment or redemption by the Issuer"**" are amended as follows:

Payments of interest on the Structured Notes made through a paying agent in Belgium will in principle be subject to a ~~27-30~~ per cent. withholding tax in Belgium and no further tax on legal entities will be due on the interest.

However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent and without the deduction of Belgian withholding tax, the legal entity itself is responsible for the deduction and payment of the ~~27-30~~ per cent. withholding tax.

- (d) The second and third paragraphs under the sub-heading "*Belgian resident individual investors*) under the sub-section "**4. "Other Notes"**" are amended as follows:

Payments of interest on the Notes made through a paying agent in Belgium will in principle be subject to a ~~27~~ 30 per cent. withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final income tax for Belgian resident individuals. This means that they do not have to declare the interest obtained on the Notes in their personal income tax return, provided Belgian withholding tax was levied on these interest payments.

However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return and will be taxed at a flat rate of ~~27~~ 30 per cent.

- (e) The fifth paragraph under the sub-heading "*Belgian resident individual investors*" under the sub-section "**4. "Other Notes"**" is deleted in its entirety.
- (f) The second and third paragraphs under the sub-heading "*Other Belgian legal entities*" under the sub-section "**4. "Other Notes"**" are amended as follows:

Payments of interest on the Notes made through a paying agent in Belgium will in principle be subject to a ~~27~~ 30 per cent. withholding tax in Belgium and no further tax on legal entities will be due on the interest.

However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent and without the deduction of Belgian withholding tax, the legal entity itself is responsible for the declaration and payment of the ~~27~~ 30 per cent. withholding tax.

- 2. The first paragraph under the sub-section "**Tax on stock exchange transactions**" on page 763 of the Base Prospectus is deleted in its entirety and replaced with the following:

"The sale and acquisition of the Notes on the secondary market is subject to the Belgian tax on stock exchange transactions ("*Taxe sur les opérations de bourse/Taks op de beursverrichtingen*") if (i) executed in Belgium through a professional intermediary, or (ii) deemed to be executed in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium, either by private individuals with habitual residence in Belgium, or legal entities for the account of their seat or establishment in Belgium.

The tax is generally due at a rate of 0.09% for Notes, on each sale and acquisition separately, with a maximum of EUR 1,300 per taxable transaction. A separate tax is due by each party to the transaction, and both taxes are collected by the professional intermediary. However, if the intermediary is established outside of Belgium, the tax will in principle be due by the ordering private individual or legal entity, unless that individual or entity can demonstrate that the tax has already been paid. Professional intermediaries established outside of Belgium can, subject to certain conditions and formalities, appoint a Belgian representative for tax purposes, which will be liable for the tax on stock exchange transactions in respect of the transactions executed through the professional intermediary."

## 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 First Supplement, is added thereto, is shown underlined, and (ii) text which, by the virtue of this First 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 792 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 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 Notes with respect to amounts treated as attributable to dividends from certain U.S. securities. Under the Section 871(m) Regulations, only a Note that has an expected economic return sufficiently similar to that of the underlying U.S. security, as determined on the Note'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 Note 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 on or after 1 January 2017. If the terms of a Note are subject to a "significant modification" (as defined for U.S. tax purposes), the Note generally would be treated as retired and reissued on the date of such modification for purposes of determining, based on economic conditions in effect at that time, whether such Note is a Specified Security. Similarly, if additional Notes of the same series are issued (or deemed issued for U.S. tax purposes, such as certain sales of Notes out of inventory) after the original issue date, the IRS could treat the issue date for determining whether the existing Notes are Specified Securities as the date of such subsequent sale or issuance. Consequently, a previously grandfathered Note, or otherwise out of scope Note, might become a Specified Security following such modification or further issuance.

The applicable Final Terms will indicate whether the Issuer has determined that Notes are Specified Securities and will specify contact details for obtaining additional information regarding the application of Section 871(m) to such Notes. If Notes are Specified Securities, a non-U.S. holder of such Notes should expect to be subject to withholding in respect of any dividend-paying U.S. securities underlying those Notes. The Issuer's determination is binding on non-U.S. holders of the Notes, but it is not binding on the IRS. The Section 871(m) Regulations require complex calculations to be made with respect to Notes linked to U.S. securities and their application to a specific issue of Notes may be uncertain. Prospective investors should consult their tax advisers regarding the potential application of Section 871(m) to the Notes.

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 807 to 811 of the Base Prospectus is amended as follows:

- (a) the table under the sub-section "17. Capitalization of BNPP and the BNP Paribas Group" is deleted in its entirety and replaced with the following:

Millions of Euros	<b>BNP PARIBAS GROUP</b> 31 December 2015 <b>(audited)</b>	<b>BNP PARIBAS GROUP</b> 31 December 2016 <b>(unaudited)</b>
Medium - and Long-Term Debt of which unexpired term to maturity is more than one year		
Debt securities at fair value through 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 Equivalents		
Issued Capital .....	2,493	2,494
Additional paid-in capital.....	24,404	24,454
Preferred shares and equivalent instruments.....	7,855	8,430
Retained earnings .....	51,906	55,754
Unrealised or deferred gains and losses attributable to shareholders	6,736	6,169
Undated participating subordinated notes ....	222	222
Undated Subordinated FRNs.....	1,811	1,789
<b>Total Shareholders' Equity and Equivalents</b>	<b>95,427</b>	<b>99,312</b>
Minority Interest.....	3,719	4,431

<b>Total Capitalization and Medium to Long Term Indebtedness</b>	<b>211,861</b>	<b>210,504</b>
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- (b) by the insertion of a new sub-section immediately beneath the sub-section "18. Events impacting the solvency of BNPP" as follows:

"19. Declaration concerning the unaudited results of BNP Paribas for the periods ending 31 December 2016

The statutory auditors have audited the financial statements of BNP Paribas for the years ended 31 December 2014 and 31 December 2015. They have also reviewed the condensed interim consolidated financial statements of BNP Paribas as of and for the six month period ended 30 June 2016. The French statutory auditors carry out their engagements in accordance with professional standards applicable in France.

In relation to the press release published by BNP Paribas on 7 February 2017 on its 2016 annual results and fourth quarter 2016 results, in application of the paragraph 8.2 of the ANNEX XI to the COMMISSION REGULATION (EC) N° 809/2004, BNPP has made the following statements:

- (a) BNP Paribas approves this information;
- (b) the statutory auditors have agreed that this information is substantially consistent with the final figures to be published in the next annual audited financial statements;
- (c) this financial information has not been audited."



## **RESPONSIBILITY STATEMENT**

I hereby certify, having taken all reasonable care to ensure that such is the case that, to the best of my knowledge, the information contained in this First Supplement is in accordance with the facts and contains no omission likely to affect its import.

BNP Paribas  
16 boulevard des Italiens  
75009 Paris  
France

Represented by Alain Papiasse

in his capacity as Deputy Chief Operating Officer, North America, Corporate and Institutional Banking

Dated 8 February 2017

In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement général*) of the French *Autorité des marchés financiers* ("AMF"), in particular Articles 211-1 to 216-1, the AMF has granted to this First Supplement the visa n°17-[●] on 8 February 2017. This First Supplement has been prepared by BNP Paribas and its signatories assume responsibility for it. This First Supplement and the Base Prospectus may only be used for the purposes of a financial transaction if completed by Final Terms. In accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, the *visa* has been granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information in it is coherent". The *visa* does not imply that the AMF has verified the accounting and financial data set out in this First Supplement and it does not mean that any financial transactions that may be issued pursuant to the Base Prospectus (as amended by this First Supplement) have been granted approval by the AMF. This *visa* has been granted subject to the publication of Final Terms in accordance with Article 212-32 of the AMF's General Regulations, setting out the terms of the securities being issued.