

25 February 2016

SECOND SUPPLEMENT TO THE BASE PROSPECTUS



BNP PARIBAS FORTIS SA/NV

(INCORPORATED AS A PUBLIC COMPANY WITH LIMITED LIABILITY (NAAMLOZE VENNOOTSCHAP/SOCIÉTÉ ANONYME) UNDER THE LAWS OF BELGIUM, ENTERPRISE NO. 0403.199.702, REGISTER OF LEGAL ENTITIES OF BRUSSELS)

AND



**BNP PARIBAS FORTIS
FUNDING**

BNP PARIBAS FORTIS FUNDING

(INCORPORATED AS A SOCIÉTÉ ANONYME UNDER THE LAWS OF THE GRAND DUCHY OF LUXEMBOURG REGISTERED WITH THE LUXEMBOURG REGISTRY OF COMMERCE AND COMPANIES UNDER NO. B 24,784)

**UNCONDITIONALLY AND IRREVOCABLY GUARANTEED BY
BNP PARIBAS FORTIS SA/NV**

Euro Medium Term Note Programme

This second supplement dated 25 February 2015 to the Base Prospectus (the "**Supplement**") is prepared in connection with the Euro Medium Term Note Programme referred to above (the "**Programme**") and is a supplement to the base prospectus dated 12 June 2015 as supplemented on 3 September 2015 prepared by BNP Paribas Fortis SA/NV ("**BNPPF**") and BNP Paribas Fortis Funding ("**BP2F**") (each an "**Issuer**" and together, the "**Issuers**") relating to the Programme (the "**Base Prospectus**") and under which the Notes issued by BP2F are guaranteed on a subordinated or unsubordinated basis by BNPPF (the "**Guarantor**"). This Supplement is supplemental to and should be read in conjunction with the Base Prospectus issued by the Issuers.

This Supplement has been mainly prepared for the purposes of:

- (A) amending the Summary in relation to the Base Prospectus;
- (B) amending the "Risk Factors";
- (C) amending the "Description of BNP Paribas Fortis SA/NV";
- (D) amending the "Taxation" section;
- (E) amending the "Form of Final Terms of the Non-Exempt Notes";
- (F) amending the "Form of Pricing Supplement for Exempt Notes Only";
- (G) amending the "Back Page".

This Supplement has been approved on the date hereof by the Luxembourg *Commission de Surveillance du Secteur Financier*, which is the Luxembourg competent authority for the purpose of the Prospectus Directive and relevant implementation measures of the Prospectus Directive into Luxembourg law. This Supplement has been prepared pursuant to article 13 of the Luxembourg Prospectus Law.

Each of the Issuers and the Guarantor will, at its registered office and at the specified offices of the Paying Agents and the Listing Agent in Luxembourg, provide, free of charge, upon oral or written request, a copy of this Supplement. In addition, this Supplement as well as the documents incorporated by reference into the Base Prospectus via this Supplement will be available in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the websites of BNPPF (www.bnpparibasfortis.be/emissions) and of BP2F (www.bp2f.lu).

Unless the contrary is stated, terms defined in the Base Prospectus shall have the same meaning when used in this Supplement. In case of inconsistency between a statement contained in this Supplement and any other statement in or incorporated by reference in the Base Prospectus, the statement contained in this Supplement shall prevail. The Base Prospectus shall be amended as set out herein.

1. AMENDMENTS TO THE SUMMARY IN RELATION TO THE BASE PROSPECTUS

The Summary on pages 14 to 44 of the Base Prospectus is amended as follows:

- (a) Element B.4b, is deleted in its entirety and replaced with the following:

B.4b	Trend information	<p>Macroeconomic environment</p> <p>Market and macroeconomic conditions affect BNPPF's results. The nature of [BP2F's]/[BNPPF's] business makes it particularly sensitive to market and macroeconomic conditions in Europe, which have been difficult and volatile in recent years.</p> <p>In 2015, the global economic activity remained sluggish. Growth slowed down in emerging countries, while modest recovery continued in developed countries. The global outlook is still impacted by three major transitions: the gradual slowdown of economic activity in China, the fall in prices of energy and other commodities, and the progressive tightening of the US monetary policy in a context of resilient recovery, while the central banks of several major developed countries are continuing to ease their monetary policies. For 2016, the IMF is forecasting the progressive recovery of global economic activity¹ but with low growth prospects on the medium term in developed and emerging countries. The normalisation of monetary and financial conditions should be beneficial on the macro-financial level and significantly reduce downside risks.</p> <p>[For BP2F][BP2F is dependent upon BNPPF. BP2F is 99.995%</p>
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¹ See: IMF – October 2015 Financial Stability Report, Advanced Countries and January 2016 update

owned by BNPPF and is specifically involved in the issuance of securities such as Notes or other obligations which are developed, set up and sold to investors via intermediaries, including BNPPF. BP2F enters into hedging transactions with BNPPF and with other entities of the BNP Paribas Group. As a consequence, the Trend Information with respect to BNPPF shall also apply to BP2F. BP2F may also enter into hedging transactions with third parties not belonging to the BNP Paribas Group.]

[*For BNPPF*] [While the exposure of the BNP Paribas Group in emerging countries is limited, the vulnerability of these economies may generate disruptions in the global financial system that could affect the BNP Paribas Group (including BNPPF) and potentially alter its results.

In numerous emerging economies, an increase in foreign currency commitments was observed in 2015, while the levels of indebtedness (both in foreign and local currencies) are already high. Moreover, the prospects of a progressive hike in key rates in the United States (first move by the Federal Reserve in December 2015), as well as bouts of high financial volatility linked to the growth prospects of emerging countries, have contributed to the stiffening of external financial conditions, a decrease in capital flows, further currency depreciations in numerous emerging countries and an increase in risks for banks, possibly leading to the downgrading of sovereign ratings.

Given the possible standardisation of risk premiums, there is a risk of global market disruptions (rise in risk premiums, erosion of confidence, decline in growth, postponement or slowdown in the harmonisation of monetary policies, drop in market liquidity, problem with the valuation of assets, shrinking of the credit offering, and chaotic de-leveraging) that would affect all banking institutions.

The continuation of a situation with exceptionally low interest rates could promote excessive risk-taking by certain financial players: increase in the maturity of loans and assets held, less stringent loan granting policies, increase in leverage financing.

Some players (insurance companies, pension funds, asset managers, etc.) entail an increasingly systemic dimension and in the event of market turbulence (linked for instance to a sudden rise in interest rates and/or a sharp price correction) they may decide to unwind large positions in an environment of relatively weak market liquidity.

Such liquidity pressure could be exacerbated by the recent increase in the volume of assets under management placed with structures investing in illiquid assets.

		<p>Laws and Regulations Applicable to Financial Institutions.</p> <p>Laws and regulations applicable to financial institutions that have an impact on BNPPF have significantly evolved in the wake of the global financial crisis. The measures that have been proposed and/or adopted in recent years include more stringent capital and liquidity requirements (particularly for large global banking groups such as the BNP Paribas Group), taxes on financial transactions, restrictions and taxes on employee compensation, limits on the types of activities that commercial banks can undertake and ring-fencing or even prohibition of certain activities considered as speculative within separate subsidiaries, restrictions on certain types of financial products, increased internal control and reporting requirements, more stringent conduct of business rules, mandatory clearing and reporting of derivative transactions, requirements to mitigate risks in relation to over-the-counter derivative transactions and the creation of new and strengthened regulatory bodies.</p> <p>The measures that were recently adopted, or in some cases proposed and still under discussion, that have or are likely to affect BNPPF, include in particular the EU Directive and Regulation on prudential requirements "CRD IV" dated 26 June 2013 and many of whose provisions have been applicable since 1 January 2014; the proposals of technical regulatory and execution rules relating to the Directive and Regulation CRD IV published by the EBA; the Belgian Banking Law dated 25 April 2014 replacing the previous law of 1993 and introducing important changes; the Belgian Royal Decree dated 22 February 2015 determining the entry into force of the Belgian Banking Law provisions relating to resolution (including the establishment of a Belgian Resolution Authority) and creating two preferential rights on the bank's movables; the Belgian Royal Decree dated 18 December 2015 amending the law of 25 April 2014 on the status and supervision of credit institutions and the Royal Decree of 26 December 2015 amending the law of 25 April 2014 on the status and supervision of credit institutions relating to the resolution and recovery of group failures; the public consultation for the reform of the structure of the EU banking sector of 2013 and the European Commission's proposed regulation on structural measures designed to improve the strength of EU credit institutions of 29 January 2014; the proposal for a regulation on indices used as benchmarks in financial instruments and financial contracts; the European Single Supervisory Mechanism; the European Single Resolution Mechanism dated 15 July 2014 and the European Directive on Bank Recovery and Resolution dated 15 May 2014; the European Directive on Revised Deposit Guarantee Schemes dated 16 April 2014; the final rule for the regulation of foreign banks imposing certain liquidity, capital and</p>
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		<p>other prudential requirements adopted by the U.S. Federal Reserve; the proposal of the U.S. Federal Reserve relating to liquidity ratios of large banks; and the "Volcker" Rule imposing certain restrictions on investments in or sponsorship of hedge funds and private equity funds and proprietary trading activities (of U.S. banks and to some extent non-U.S. banks) that was recently adopted by the U.S. regulatory authorities. More generally, regulators and legislators in any country may, at any time, implement new or different measures that could have a significant impact on the financial system in general or BNPPF in particular.]</p>
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(b) Element B.19/B.4b, is deleted in its entirety and replaced with the following:

B.19/ B.4b	Trend information	<p>Macroeconomic environment</p> <p>Market and macroeconomic conditions affect BNPPF's results. The nature of BNPPF's business makes it particularly sensitive to market and macroeconomic conditions in Europe, which have been difficult and volatile in recent years.</p> <p>In 2015, the global economic activity remained sluggish. Growth slowed down in emerging countries, while modest recovery continued in developed countries. The global outlook is still impacted by three major transitions: the gradual slowdown of economic activity in China, the fall in prices of energy and other commodities, and the progressive tightening of the US monetary policy in a context of resilient recovery, while the central banks of several major developed countries are continuing to ease their monetary policies. For 2016, the IMF is forecasting the progressive recovery of global economic activity² but with low growth prospects on the medium term in developed and emerging countries. The normalisation of monetary and financial conditions should be beneficial on the macro-financial level and significantly reduce downside risks.</p> <p>While the exposure of the BNP Paribas Group in emerging countries is limited, the vulnerability of these economies may generate disruptions in the global financial system that could affect the BNP Paribas Group (including BNPPF) and potentially alter its results.</p> <p>In numerous emerging economies, an increase in foreign currency commitments was observed in 2015, while the levels of indebtedness (both in foreign and local currencies) are already high. Moreover, the prospects of a progressive hike in key rates in the United States (first move by the Federal Reserve in December 2015), as well as bouts of high financial volatility linked to the</p>
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See: IMF – October 2015 Financial Stability Report, Advanced Countries and January 2016 update

growth prospects of emerging countries, have contributed to the stiffening of external financial conditions, a decrease in capital flows, further currency depreciations in numerous emerging countries and an increase in risks for banks, possibly leading to the downgrading of sovereign ratings.

Given the possible standardisation of risk premiums, there is a risk of global market disruptions (rise in risk premiums, erosion of confidence, decline in growth, postponement or slowdown in the harmonisation of monetary policies, drop in market liquidity, problem with the valuation of assets, shrinking of the credit offering, and chaotic de-leveraging) that would affect all banking institutions.

The continuation of a situation with exceptionally low interest rates could promote excessive risk-taking by certain financial players: increase in the maturity of loans and assets held, less stringent loan granting policies, increase in leverage financing.

Some players (insurance companies, pension funds, asset managers, etc.) entail an increasingly systemic dimension and in the event of market turbulence (linked for instance to a sudden rise in interest rates and/or a sharp price correction) they may decide to unwind large positions in an environment of relatively weak market liquidity.

Such liquidity pressure could be exacerbated by the recent increase in the volume of assets under management placed with structures investing in illiquid assets.

Laws and Regulations Applicable to Financial Institutions.

Laws and regulations applicable to financial institutions that have an impact on BNPPF have significantly evolved in the wake of the global financial crisis. The measures that have been proposed and/or adopted in recent years include more stringent capital and liquidity requirements (particularly for large global banking groups such as the BNP Paribas Group), taxes on financial transactions, restrictions and taxes on employee compensation, limits on the types of activities that commercial banks can undertake and ring-fencing or even prohibition of certain activities considered as speculative within separate subsidiaries, restrictions on certain types of financial products, increased internal control and reporting requirements, more stringent conduct of business rules, mandatory clearing and reporting of derivative transactions, requirements to mitigate risks in relation to over-the-counter derivative transactions and the creation of new and strengthened regulatory bodies.

The measures that were recently adopted, or in some cases proposed and still under discussion, that have or are likely to affect

		<p>BNPPF, include in particular the EU Directive and Regulation on prudential requirements "CRD IV" dated 26 June 2013 and many of whose provisions have been applicable since 1 January 2014; the proposals of technical regulatory and execution rules relating to the Directive and Regulation CRD IV published by the EBA; the Belgian Banking Law dated 25 April 2014 replacing the previous law of 1993 and introducing important changes; the Belgian Royal Decree dated 22 February 2015 determining the entry into force of the Belgian Banking Law provisions relating to resolution (including the establishment of a Belgian Resolution Authority) and creating two preferential rights on the bank's movables; the Belgian Royal Decree dated 18 December 2015 amending the law of 25 April 2014 on the status and supervision of credit institutions and the Royal Decree of 26 December 2015 amending the law of 25 April 2014 on the status and supervision of credit institutions relating to the resolution and recovery of group failures; the public consultation for the reform of the structure of the EU banking sector of 2013 and the European Commission's proposed regulation on structural measures designed to improve the strength of EU credit institutions of 29 January 2014; the proposal for a regulation on indices used as benchmarks in financial instruments and financial contracts; the European Single Supervisory Mechanism; the European Single Resolution Mechanism dated 15 July 2014 and the European Directive on Bank Recovery and Resolution dated 15 May 2014; the European Directive on Revised Deposit Guarantee Schemes dated 16 April 2014; the final rule for the regulation of foreign banks imposing certain liquidity, capital and other prudential requirements adopted by the U.S. Federal Reserve; the proposal of the U.S. Federal Reserve relating to liquidity ratios of large banks; and the "Volcker" Rule imposing certain restrictions on investments in or sponsorship of hedge funds and private equity funds and proprietary trading activities (of U.S. banks and to some extent non-U.S. banks) that was recently adopted by the U.S. regulatory authorities. More generally, regulators and legislators in any country may, at any time, implement new or different measures that could have a significant impact on the financial system in general or BNPPF in particular.</p>
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- (c) In Element D.2, the paragraphs under the heading [BNPPF/ the Guarantor] and immediately above the heading entitled [BP2F:] are amended as follows:

<p>D.2</p>	<p>Key risks regarding the Issuer and the Guarantor</p>	<p><i>[BNPPF/the Guarantor:</i></p> <p>The following is a summary of some of the investment considerations relating to the business of BNPPF:</p> <p>(a) Difficult market and economic conditions including, without limitation, concerns regarding the ability of certain countries in the eurozone to refinance their debt obligations, could in the future have a material adverse effect on the operating environment for financial institutions and hence on BNPPF's financial condition, results of operations and cost of risk.</p> <p>(b) Legislative action and regulatory measures taken in response to the global financial crisis may materially impact BNPPF and the financial and economic environment in which it operates.</p> <p><u>(c)</u> BNPPF's access to and cost of funding could be adversely affected by a further deterioration of the euro zone sovereign debt crisis, worsening economic conditions, a ratings downgrade, <u>increases in credit spreads</u> or other factors.</p> <p>(d) <u>The prolonged low interest rate environment carries inherent systemic risks</u></p> <p>(d)<u>(e)</u> The soundness and conduct of other financial institutions and market participants could adversely affect BNPPF.</p> <p>(e)<u>(f)</u> BNPPF may incur significant losses on its trading and investment activities due to market fluctuations and volatility.</p> <p>(f)<u>(g)</u> A substantial increase in new provisions or a shortfall in the level of previously recorded provisions could adversely affect BNPPF's results of operations and financial condition.</p> <p>(g)<u>(h)</u> BNPPF may generate lower revenues from brokerage and other commission and fee-based businesses during market downturns.</p> <p>(h)<u>(i)</u> BNPPF's hedging strategies may not prevent losses.</p> <p>(i)<u>(j)</u> Significant interest rate changes could adversely</p>
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		<p>affect BNPPF's net banking income or profitability.</p> <p>(k) Protracted market declines can reduce liquidity in the markets making it harder to sell assets and possibly leading to material losses.</p> <p>(j)(l) <u>BNPPF is subject to extensive and evolving regulatory regimes in the countries and regions in which it operates.</u></p> <p>(k)(m) Notwithstanding BNPPF's risk management policies, procedures and methods it could still be BNPPF exposed to unidentified or unanticipated risks, which could lead to material losses.</p> <p>(j)(n) While each of BNPPF's businesses manages its operational risks, these risks remain an inherent part of all of the BNPPF's businesses.</p> <p>(m)(o) BNPPF has significant counterparty risk exposure and exposure to systemic risks.</p> <p>(n)(p) BNPPF's competitive position could be harmed if its reputation is damaged.</p> <p>(o)(q) An interruption in or a breach of BNPPF's information systems may result in <u>material losses of client or customer information, damage to BNPPF's reputation and lead to financial losses</u>lost business and other losses.</p> <p>(p)(r) Litigation or other proceedings or actions may adversely affect BNPPF's business, financial condition and results of operations.</p> <p>(q)(s) Uncertainty linked to fair value accounting and use of estimates.</p> <p>(r)(t) A deterioration of the credit rating of BNP Paribas of its debt quality could adversely affect BNPPF.</p> <p>(s)(u) Unforeseen external events can interrupt BNPPF's operations and cause substantial losses and additional costs.</p> <p>(t)(v) <u>BNPPF 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</u>BNPPF is subject to extensive and</p>
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		<p>evolving regulatory regimes in the countries and regions in which it operates.</p> <p>(w) Intense competition in the financial services industry could adversely affect BNPPF revenues and profitability.</p> <p>(x) Adjustments to the carrying value of BNPPF's securities and derivatives portfolios and BNPPF's own debt could have an impact on its net income and shareholders' equity.</p> <p>(y) The expected changes in accounting principles relating to financial instruments may have an impact on BNPPF's balance sheet and regulatory capital ratios and result in additional costs.</p> <p>(z) Risks related to the implementation of BNPP Group's strategic plans.]</p>
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2. AMENDMENTS TO THE RISK FACTORS

The "Risk Factors" section on pages 45 to 77 of the Base Prospectus is amended as follows:

- (a) The risk factor entitled "Risk factors relating to the business of BNP Paribas Fortis SA/NV" in the "Risk Factors" section of the Base Prospectus is deleted in its entirety and replaced with the following:

Risk factors relating to the business of BNP Paribas Fortis SA/NV

Difficult market and economic conditions could in the future have a material adverse effect on the operating environment for financial institutions and hence on BNPPF's financial condition, results of operations and cost of risk.

As part of a global financial institution, the BNPPF's businesses can be highly sensitive to changes in the financial markets and economic conditions generally in Europe (especially in Belgium and Luxembourg). In recent years, BNPPF has been, and may again in the future be confronted with a significant deterioration of market and economic conditions resulting, among other things, from crises affecting sovereign debt, the capital markets, credit or liquidity markets, regional or global recessions, sharp fluctuations in commodity prices (including oil), currency exchange rates or interest rates, volatility in prices of financial derivatives, inflation or deflation, corporate or sovereign debt rating downgrades, restructurings or defaults, 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 BNPPF's financial condition, results of operations or cost of risk. In 2016, the macroeconomic environment could be subject to various specific risks, including geopolitical tensions, financial market volatility, slowdowns in China and emerging markets, weak growth in the Euro-zone, decreasing prices of commodities and the gradual unwinding of exceptionally accommodating monetary policies in the United States. Measures taken or that may be taken by central banks to stimulate growth and prevent deflation, including the "quantitative easing" measures announced by the European Central Bank (the "ECB") in January and December 2015, may prove to

be insufficient or could have negative effects on the banking industry possibly bringing margin pressure but not necessarily lending volume growth.

Moreover, a resurgence of a sovereign debt crisis cannot be ruled out. In particular, European markets have experienced significant disruptions in recent years as a result of concerns regarding the ability of certain countries in the euro zone to refinance their debt obligations. At several points in recent years these disruptions caused tightened credit markets, increased volatility in the exchange rate of the euro against other major currencies, affected the levels of stock market indices and created uncertainty regarding the economic prospects of certain countries in the European Union as well as the quality of bank loans to sovereign debtors in the European Union. BNPPF 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. BNPPF is also active 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 has had, and may 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 BNPPF operates.

If economic conditions in Europe or in other parts of the world were to deteriorate due among other things to concerns over the European economy (in turn triggered by the heightened risk of or even the occurrence of a sovereign default, the failure of a significant financial institution or the exit of a country from the euro zone), a continued decline in oil and commodity prices, a continued or increased slowdown of economic growth in emerging countries and China in particular, terrorist attacks or political instability, the resulting market and political disruptions could have a significant adverse impact on the credit quality of BNPPF's customers and financial institution counterparties, on market parameters such as interest rates, foreign exchange rates and stock market indices, and on BNPPF's results of operations, liquidity, ability to raise financing on acceptable terms and financial condition.

Legislative action and regulatory measures taken in response to the global financial crisis may materially impact BNPPF and the financial and economic environment in which it operates

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

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 BNPPF as a systemically important financial institution increased BNPPF's prudential requirements and may limit its ability to extend credit or to hold certain assets, particularly those with longer maturities. In 2011-2012, BNPPF implemented an adaptation plan in anticipation of these requirements, including reducing its balance sheet and bolstering its capital. In addition, the Financial Stability Board published on 9 November 2015 the final principles and term sheet regarding TLAC (or "total loss absorbing capacity"), which will require "Global Systemically Important Banks" (including BNPPF) 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 BNPPF 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, BNPPF, along with all institutions qualified as important in the euro zone, are now under the direct supervision of the ECB, with respect to prudential regulation matters entrusted to the ECB by Council Regulation dated 15 October 2013. Within the SSM, the ECB is, in particular, tasked with carrying out an annual supervisory review and evaluation process ("**SREP**") and stress tests, in connection with which it has powers to require banks to hold capital requirements in excess of minimum capital requirements in order to address specific risks (so-called "Pillar 2" requirements), and more generally to impose additional liquidity requirements and possibly other regulatory measures. Such measures could have an adverse impact on BNPPF'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 Belgium by the Belgian Banking Law of 25 April 2014, the Royal Decree of 18 December 2015 and the Royal Decree of 26 December 2015 amending the law of 25 April 2014, 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 Law of 25 April 2014, 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 BNPPF, with a view to ensure the continuity of critical functions, to avoid the risks of contagion and to recapitalize or restore the viability of the institution. Resolution tools are to be implemented so that, subject to certain exceptions, losses are borne first by shareholders, then by holders of capital instruments (such as subordinated bonds) qualifying as additional tier 1 and tier 2 instruments, and finally by creditors in accordance with the order of their claims in normal insolvency proceedings. Certain powers, including the power to write-down capital instruments (including subordinated bonds), can also be exercised as a precautionary measure, outside of resolution proceedings. The implementation of these tools and powers may result in significant structural changes to the relevant financial institutions (including as a result of asset or business sales or the creation of bridge institutions) and in a partial or total write-down of claims of their shareholders and creditors (including subordinated and senior creditors).

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

Moreover, the Directive of 16 April 2014 on deposit guarantee schemes, transposed into Belgian law by the Law of 25 April 2014 created national deposit guarantee schemes. Other proposals for legislative and regulatory reforms could also have an impact if they were enacted into law. Thus, a draft European Parliament Regulation dated 24 November 2015 completed such Directive of 16 April 2014 through a step plan to create a European deposit insurance scheme that will progressively cover all or part of participating national deposit guarantee schemes.

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

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

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

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

In sum, extensive legislative and regulatory reform in respect of financial institutions has been enacted in recent years and some remains in progress. It is impossible to accurately predict which additional measures will be adopted or to determine the exact content of such measures and, given the complexity and uncertainty of a number of these measures, their ultimate impact on BNPPF. The overall effect of these measures, whether already adopted or in the process of being adopted, may be to restrict BNPPF'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..

BNPPF's access to and cost of funding could be adversely affected by a deterioration of the euro zone sovereign debt crisis, worsening economic conditions, a ratings downgrade, increases in credit spreads or other factors.

The financial crisis, the Euro-zone sovereign debt crisis as well as the general macroeconomic environment adversely affected the availability and cost of funding for European banks during the past few years. This was due to several factors, including a sharp increase in the perception of bank credit risk due to their exposure to sovereign debt in particular, credit rating downgrades of sovereigns and of banks, and debt market speculation. Many European banks, including BNPPF, 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 European Central Bank

increased substantially. Were such adverse credit market conditions to persist for an extended period or worsen due to factors relating to the economy or the financial industry in general or to BNPPF in particular (such as ratings downgrades), the effect on the liquidity of the European financial sector in general and BNPPF in particular could be materially adverse and have a negative impact on BNPPF's results of operations and financial condition.

BNPPF's cost of funding may also be influenced by the credit rating on its long-term debt. Any downgrade in the credit ratings by any of the three principal rating agencies may increase BNPPF borrowing costs.

BNPPF'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 BNPPF'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 BNPPF.

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

In connection with its lending activities, BNPPF regularly establishes provisions for loan losses. BNPPF'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 BNPPF uses its best efforts 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 increases in non-performing assets or for other reasons, as was the case in the second half of 2008 and throughout 2009. Any significant increase in provisions for loan losses or a significant change in BNPPF'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 BNPPF's results of operations and financial condition.

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

BNPPF maintains trading and investment positions in the debt and currency markets, and in private equity, property and other assets, including through derivative contracts. These positions could be adversely affected by volatility in financial and other markets, i.e. the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. The capital and credit markets have been experiencing unprecedented volatility and disruption since mid-2007 and particularly since the bankruptcy filing of Lehman Brothers in mid-September 2008. As a result BNPPF incurred significant losses on its trading and investment activities. There can be no assurance that this extreme volatility and market disruption will not re-occur in the future but BNPPF has taken action, where possible, to decrease the trading exposure and to decrease the size of the potential losses on its trading activities as a result. Volatility trends (or other trends in parameters that are sensitive to market fluctuations such as correlations) that prove substantially different from BNPPF's expectations may lead to losses relating to a broad range of other trading and hedging products BNPPF uses, including swaps, forwards and futures, options and structured products.

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

BNPPF 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 BNPPF provides securities underwriting, financial advisory and other investment banking services. BNPPF'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 BNPPF charges for managing its clients' portfolios are in many cases based on the value or on the 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 BNPPF receives from its asset management, equity derivatives and private banking businesses. Even in the absence of a market downturn, below-market performance by BNPPF's mutual funds may result in increased withdrawals and reduced inflows, which would reduce the revenues BNPPF receives from its asset management business.

During recent market downturns in the last couple of years, BNPPF experienced all of these effects and a corresponding decrease in revenues in the relevant business lines. There can be no assurance that BNPPF will not experience similar trends 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 BNPPF'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 BNPPF 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 BNPPF calculates using models rather than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to unanticipated losses.

Significant interest rate changes could adversely affect BNPPF's revenues or profitability.

The amount of net interest income earned by BNPPF during any given period significantly affects its overall net banking income and profitability for that period. Interest rates are sensitive to many factors beyond BNPPF'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 BNPPF's net interest income from its lending activities. In addition, maturity mismatches and increases in the interest rates relating to BNPPF's short-term financing may adversely affect BNPPF's profitability.

The prolonged low interest rate environment carries inherent systemic risks

The prolonged period of low interest rates since the 2008/2009 financial crisis may have contributed to, and may continue to contribute to, excessive risk-taking by financial market participants such as lengthening maturities of financings and assets held, more lenient lending standards and increased

leveraged lending. Certain of the market participants that may have taken or may take additional or excessive risk are of systemic importance, and any unwinding of their positions during periods of market turbulence or stress (and hence reduced liquidity) could have a destabilizing effect on markets and could lead BNPPF to record operating losses or asset impairments.

The soundness and conduct of other financial institutions and market participants could adversely affect BNPPF.

BNPPF's ability to engage in funding, investment and derivative transactions could be adversely affected by the soundness of other financial institutions or market participants. Financial services 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. BNPPF has exposure to many counterparties in the financial industry, directly and indirectly, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients, with which it regularly executes transactions. BNPPF 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). BNPPF is exposed to credit and counterparty risk in the event of default or financial distress of BNPPF's counterparties or clients. In addition, BNPPF's credit risk may be exacerbated when the collateral held by it cannot be realised upon or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to BNPPF 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 to the interrelated nature of the financial markets. An example is the fraud perpetrated by Bernard Madoff, as a result of which numerous financial institutions globally have announced losses or exposure to losses in substantial amounts.

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

BNPPF's competitive position could be harmed if its reputation is damaged.

In the highly competitive environment arising from globalisation and convergence in the financial services industry, a reputation for financial strength and integrity is critical to BNPPF's ability to attract and retain customers. BNPPF's reputation could be harmed if it fails to adequately promote and market its products and services. BNPPF's reputation could also be damaged if, as it increases its client base and the scale of its businesses, BNPPF'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, BNPPF's reputation could be damaged also by other compliance risks, including but not limited to, employee misconduct, misconduct or fraud by market participants or funds to which BNPPF is exposed, a decline in, a restatement of, or corrections to its financial results, as well as any adverse legal or regulatory action. 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 BNPPF's reputation could have an adverse effect on its results of operations and financial position.

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

As with most other banks, BNPPF relies heavily on communications and information systems to conduct its business. This dependency has increased with the spread of mobile and online banking services (as illustrated by the launch of Hello bank! in 2014), and the development of cloud computing. Any failure or interruption or breach in security of these systems could result in failures or interruptions in BNPPF's customer relationship management, general ledger, deposit, servicing and/or loan organisation systems. BNPPF 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, BNPPF may be unable to anticipate these techniques or to implement in a timely manner effective and efficient countermeasures. The occurrence of any failures or interruptions in BNPPF's information systems and any subsequent disclosure of confidential information related to any client, counterpart or employee of BNPPF (or any other person) or any intrusion or attack against BNPPF's communication system could have an adverse effect on BNPPF's reputation, financial condition and results of operations.

Unforeseen external events can interrupt BNPPF'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, terrorist attacks, military conflicts or other states of emergency could affect the demand for the products and services offered by BNPPF, or lead to an abrupt interruption of BNPPF's operations and, to the extent not covered by insurance, 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 BNPPF's costs (particularly insurance premiums).

BNPPF 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. BNPPF is exposed to regulatory compliance risk, such as the inability 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 BNPPF's reputation and private rights of action, non-compliance could lead to significant legal proceedings, fines and expenses, public reprimand, enforced suspension of operations or, in extreme cases, withdrawal of operating licenses. This risk is further exacerbated by continuously increasing regulatory oversight. This is the case in particular with respect to money laundering, the financing of terrorist activities or transactions with countries that are subject to economic sanctions.

BNPPF is subject to extensive and evolving regulatory regimes in the countries and regions in which it operates.

BNPPF is exposed to the risk of legislative or regulatory changes 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;

- general changes in government or regulatory policy that may significantly influence investor decisions, in particular in the markets in which BNPPF operates;
- general changes in regulatory requirements applicable to the financial industry, such as rules relating to applicable capital adequacy and liquidity frameworks;
- general changes in securities regulations, including financial reporting and market abuse regulations;
- general 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; and
- expropriation, nationalisation, 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 BNPPF, 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 BNPPF's business model, competitiveness and profitability, which could in turn affect its financial condition and results of operations.

Notwithstanding BNPPF risk management policies, procedures and methods, it could still be exposed to unidentified or unanticipated risks, which could lead to material losses.

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

BNPPF's hedging strategies may not prevent losses.

If any of the variety of instruments and strategies that BNPPF uses to hedge its exposure to various types of risk in its businesses is not effective, BNPPF may incur losses. Many of its strategies are based on historical trading patterns and correlations. For example, if BNPPF 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 hedging strategies may not protect against all future risks or may not be fully effective in mitigating BNPPF'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 BNPPF'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 BNPPF's reported earnings.

Intense competition in the financial services industry could adversely affect BNPPF revenues and profitability.

There is substantial competition in Belgium, Luxembourg and the other regions in which BNPPF carries on business for the types of banking, asset management and insurance, and other products and services BNPPF provides.

Such competition is most pronounced in the core Benelux markets of BNPPF where BNPPF faces competition from companies such as KBC Bank, ING Group, Belfius and BIL. As a result, BNPPF's strategy is to maintain customer loyalty and retention, which can be influenced by a number of factors, including service levels, the prices and attributes of products and services, financial strength and actions taken by competitors. If BNPPF is unable to compete with attractive product and service offerings that are profitable, BNPPF may lose market share or incur losses on some or all of BNPPF's activities.

Competitive pressures could result in increased pricing pressures on a number of BNPPF's products and services, particularly as competitors seek to win market share, and may harm BNPPF's ability to maintain or increase profitability.

In addition, 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 BNPPF is unable to respond to the competitive environment in Benelux 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 BNPPF and its competitors. It is also possible that the increased presence in the global marketplace of nationalised financial institutions, or financial institutions benefiting from State guarantees or other similar advantages, following the recent financial crisis or the imposition of more stringent requirements (particularly capital requirements and activity restrictions) on larger or systematically significant financial institutions could lead to distortions in competition in a manner adverse to large private-sector institutions such as BNPPF.

Litigation or other proceedings or actions may adversely affect BNPPF's business, financial condition and results of operations.

In its normal course of business, BNPPF is subject to the risk of litigation by customers, employees or others through private actions, class actions, administrative proceedings, regulatory actions or other

litigation. The outcome of litigation or similar proceedings or actions is difficult to assess or quantify. Plaintiffs in these types of actions may seek recovery of large or indeterminate amounts or other remedies that may affect BNPPF's ability to conduct business, and the magnitude of the potential loss relating to such actions may remain unknown for substantial periods of time. The cost to defend future actions may be significant. There may also be adverse publicity associated with litigation that could decrease customer acceptance of BNPPF's services, regardless of whether the allegations are valid or whether BNPPF is ultimately found liable. As a result, the possibility cannot be ruled out that the outcome of such litigations or investigations may adversely affect BNPPF's business, financial condition and results of operations.

Furthermore, several (previous) shareholders and entities representing shareholders of Ageas SA/NV (previously Fortis SA/NV and Fortis N.V.) have initiated proceedings in Belgium and in The Netherlands against, amongst others, BNPPF in connection with events and developments in respect of the former Fortis group between May 2007 and October 2008, amongst others in connection with the rights issue of Ageas SA/NV in October 2007. In February 2013 the public prosecutor in Brussels has requested the court ("*raadkamer/chambre du conseil*") to refer certain individuals for trial before the Criminal court of Brussels in respect of certain of these events and developments. Investigation is still ongoing. Moreover, other litigations or investigations are pending in relation to the restructuring of the former Fortis group. It cannot be ruled out that the outcome of such litigations and/or investigations might also have an impact on BNPPF.

More information on these litigations and investigations can be found under Note 8.m (*Contingent assets and liabilities*) on pages 213 to 215 in the 2014 annual report of BNP Paribas Fortis for the year ended December 2014.

A deterioration of the credit rating of BNP Paribas of its debt quality could adversely affect BNPPF

As part of the BNP Paribas Group, BNPPF can be highly sensitive to a downgrade by rating agencies of the rating of the parent company of the BNP Paribas Group or a deterioration of its debt quality. BNP Paribas took control of BNPPF on 12 May 2009 (formerly Fortis Bank NV/SA) and subsequently increased its stake in BNPPF to 74.93 per cent. BNP Paribas is now the major shareholder of BNPPF.

While each of BNPPF's businesses manages its operational risks, these risks remain an inherent part of all of BNPPF's businesses

BNPPF is subject to operational risk because of the uncertainty inherent in all business undertakings and decisions. This risk can be broken down into business risk and event risk.

Business risk is the risk of 'being in business', which affects any enterprise, financial or non-financial. It is the risk of loss due to changes in the competitive environment that damage the business's franchise or operating economics. Typically, the fluctuation originates with variations in volume, pricing or margins against a fixed cost base. Business risk is thus mostly externally driven (by regulatory, fiscal, market and or competition changes, as well as strategic, reputation risks and other related risks).

Event risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal and compliance risk. Event risk is often internally driven (internal and external fraud involving employees, clients, products and business practices, as well as technological and infrastructure failures and other related malfunctions) and can be limited through management processes and controls.

BNPPF attempts to keep these risks at appropriate levels by maintaining a sound and well controlled environment in light of the characteristics of its business, the markets and the regulatory environments

in which BNPPF operates. While these control measures mitigate operational risks they do not eliminate them.

BNPPF has significant counterparty risk exposure and exposure to systemic risks

BNPPF's business is subject to general credit risks, including credit risks of borrowers and other counterparties. Third parties that owe BNPPF money, securities or other assets may not pay or perform under their obligations. These parties include borrowers under loans made, the issuers whose securities BNPPF holds, customers, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to BNPPF due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

In addition, in the past, the general credit environment has been adversely affected by significant instances of fraud. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom BNPPF interacts on a daily basis, and could have an adverse effect on BNPPF's business.

Uncertainty linked to fair value accounting and use of estimates

According to BNPPF's valuation rules financial assets can be carried at fair value through profit or loss. Concerned assets include financial assets held for trading, including non-cash flow hedging derivatives, and financial assets that BNPPF has irrevocably designated to be held at fair value through profit or loss ("fair value option"). The fair value of a financial instrument is determined based on quoted prices in active markets. When quoted prices in active markets are not available, valuation techniques are used. Valuation techniques make maximum use of market inputs but are affected by the assumptions used, including discount rates and estimates of future cash flows, and take into consideration, where applicable, model risks. Such techniques include market prices of comparable investments, discounted cash flows, option pricing models and market multiples valuation methods. In the rare case where it is not possible to determine the fair value of a financial instrument, it is accounted for at cost. The effect of changing the assumptions for those financial instruments for which the fair values are measured using valuation techniques that are determined in full or in part on assumptions that are not supported by observable inputs may have a material adverse effect on BNPPF's earnings.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying these accounting policies. Actual results may differ from those estimates and judgmental decisions.

Financial institutions may use different accounting categorisations for the same or similar financial assets due to their different intentions regarding those assets. In determining fair value of financial instruments, different financial institutions may use different valuation techniques, assumptions, judgments and estimates which may result in lower or higher fair values for such financial instruments.

Risks related to the implementation of BNPP Group's strategic plans

BNPP Group has announced a certain number of strategic objectives, in particular in a strategic plan for the 2014-2016 period presented in March 2014 and a transformation plan for CIB for the 2016-

2019 period presented in February 2016. These plans contemplate a number of initiatives, including simplifying BNPP Group's organisation and operations, continuing to improve operating efficiency, adapting certain businesses to their economic, regulatory and technological environment and implementing various business development initiatives.

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

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

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

BNPPF 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 BNPPF's results of operation and, potentially, its financial condition.

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

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

BNPPF'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.

- (b) The risk factor entitled "Impact of the Bank Recovery and Resolution Directive – Resolution measures" in the "Risk Factors" section of the Base Prospectus is amended as follows:

1. The second and third paragraphs are deleted and replaced with the following:

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

2. The fifth and sixth paragraphs are deleted and replaced with the following:

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

As a result of the implementation of BRRD, holders of Notes may be subject to write-down or conversion into equity on any application of the general bail-in tool, which may result in such holders losing some or all of their investment. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of holders of Notes, the price

or value of their investment in any Notes and/or the ability of the relevant Issuer and/or the Guarantor to satisfy its obligations under any Notes and/or the Guarantee."

3. The paragraphs under the sub-heading "*Implementation of BRRD in Belgium*" are deleted and replaced with the following:

"The implementation of the BRRD into Belgian law has been made by three texts of legislative nature. The first text is the Belgian Law of 25 April 2014 on the status and supervision of credit institutions (the "**Belgian Banking Law**") which implemented partially the BRRD in anticipation.

This law has been amended by the Royal Decree of 18 December 2015 amending the law of 25 April 2014 on the status and supervision of credit institutions (the "**Royal Decree of 18 December 2015**") and the Royal Decree of 26 December 2015 amending the law of 25 April 2014 on the status and supervision of credit institutions relating to the resolution and recovery of group failures (the "**Royal Decree of 26 December 2015**") which introduced various provisions amending and supplementing the Banking Law to adapt Belgian law to the BRRD.

These royal decrees entered into force on 1 January 2016 and are hence currently in full effect.

The Belgian Banking Law includes a number of measures transposing the BRRD. It grants the power to the supervisor to impose certain recovery measures, including the power to impose in certain circumstances a suspension of activities. Any suspension of activities can, to the extent determined by the competent supervisor, result in the partial or complete suspension of the performance of agreements entered into by the relevant financial institution. The new Belgian Banking Law also grants the power to a resolution authority to take a number of resolution measures, including (i) a forced sale of the credit institution, (ii) the establishment of a bridge bank or (iii) the forced transfer of all or part of the assets, rights or obligations of the credit institution.

The Royal Decree of 18 December 2015 organises the bail-in tool provided for in the BRRD. It provides that the resolution authority may proceed (i) to write-down (reducing the amount outstanding, including to zero) , (ii) to the conversion of these debts into equity (ordinary shares or other instruments of ownership) under certain conditions and for the pursuit of certain goals or (iii) to the variation of the terms (e.g. the variation of maturity of a debt instrument). Financial public support may only be used as a last resort after having assessed and exploited, to the maximum extent practicable, the resolution tools, including the bail-in tool. This may result in such holders losing some or all their investment. The exercise of any power under the BRRD and its implementing provisions or any suggestion of such exercise could materially adversely affect the rights of the Holders, the price or value of their investment in any Notes and/or the ability of the Issuer or the Guarantor, as the case may be, to satisfy its obligations under any Notes.

The Royal Decree of 26 December 2015 introduces the principle following which, in the context of groups, recovery and resolution plans must be established at group level only, unless otherwise provided.

In addition, it provides that the resolution authority may decide to apply the minimum requirement for own funds and eligible liabilities to credit institutions.

In addition, Regulation (EU) no. 806/2014 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 and a Single Resolution Fund has established as single resolution mechanism. A centralised power of resolution is entrusted to the Single Resolution Board, while the national resolution authorities (for Belgium, *le Collège de résolution/het Afwikkelingscollege*) will remain responsible for certain tasks within the Single Resolution Mechanism.

These measures may have an impact on the performance by BNPPF of its obligations under the Notes and execution of the transaction documents to which BNPPF is a party.

The specific resolution rules set aside the traditional bankruptcy rules allowing the avoidance of transactions entered into during the so called "suspect period" (i.e. claw back); these rules do not apply to the acts of disposal adopted in the context of resolution measures. Moreover, the Belgian Royal Decree dated 22 February 2015 creates two new preferential rights on a bank's movables for depositors and for the guarantee fund."

4. The paragraph under the sub-heading "*Implementation of BRRD in Luxembourg*" is deleted and replaced with the following:

"The BRRD was implemented by the Luxembourg act dated 18 December 2015 which was officially published on 24 December 2015 in the Luxembourg Memorial A (n° 246) of the Official Journal of the Grand-Duchy of Luxembourg (page 6000) (the "**BRR Act 2015**"). Under the BRR Act 2015, the competent authority is the Commission de surveillance du secteur financier (the "**CSSF**") and the resolution authority is the CSSF acting as Resolution Council (*le Conseil de résolution*).

The BRR Act 2015 provides for certain resolution measures, including the power to impose in certain circumstances a suspension of activities. The BRR Act 2015 also grants the power to the Resolution Council to take a number of resolution measures, including the application of the general bail-in tool.

If the debt bail-in tool and the statutory write-down and conversion power become applicable to BP2F, the Notes may be subject to write-down or conversion into equity on any application of the bail-in tool, which may result in such holders losing some or all of their investment. Subject to certain conditions, the terms of the obligations owed by BP2F may also be varied by the resolution authority (e.g. as to maturity, interest and interest payment dates). The exercise of any power under the BRR Act 2015 or any suggestion of such exercise could materially adversely affect the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of BP2F to satisfy its obligations under any Notes.

Regulation (EU) no. 806/2014 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 and a Single Resolution Fund has established as single resolution mechanism. A centralised power of resolution is entrusted to the Single Resolution Board and the national resolution authorities (for Luxembourg, the CSSF through the Resolution Council) will work in close cooperation with it."

- (c) The risk factor entitled “*Payments made in respect of the Notes may be subject to Belgian withholding tax*” on page 61 under sub-heading “*Risk factors that may affect the Notes generally*” in the “Risk Factors” section of the Base Prospectus is amended as follows:

Payments made in respect of the Notes may be subject to Belgian withholding tax

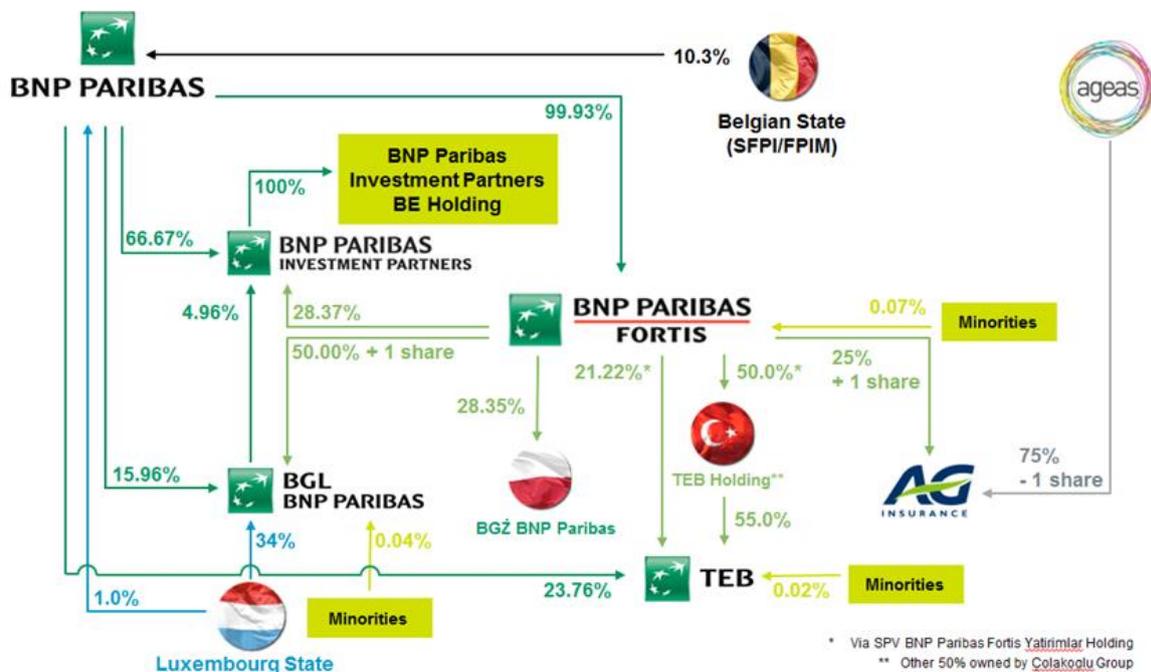
Belgian withholding tax, currently at a rate of ~~25~~27 per cent., will in principle be applicable to the interest on the Notes issued by BNPPF that are not held in the X/N System or that are held in a non-exempt securities account (an “N account”) in the X/N System, as further described in *Taxation* below. Potential investors should be aware that any relevant tax law or practice applicable as at the date of this Base Prospectus and/or the date of purchase or subscription of the Notes may change at any time (including during any subscription period or the term of the Notes). Any such change may have an adverse effect on a Noteholder, including that the liquidity of the Notes may decrease and/or the amounts payable to or receivable by an affected Noteholder may be less than otherwise expected by such Noteholder.

Potential investors who are in any doubt as to their tax position should consult their own independent tax advisers.

3. AMENDMENTS TO THE DESCRIPTION OF BNP PARIBAS FORTIS SA/NV SECTION

The Description of BNP Paribas Fortis on pages 186 to 201 of the Base Prospectus is amended as follows:

- (a) The chart under sub-heading “3. *Organisational structure*” is deleted and replaced with the following:



Valid as of 22 February 2016.

- (b) The first and second paragraphs under sub-heading “3. *Organisational structure*” are amended as follows:

BNP Paribas SA has a stake of 99.93% in BNPPF. The remaining shares (0.07%) are held by the public. The SFPI/FPIM has a stake of 10.3% in BNP Paribas SA's capital, subsequent to its 2009 transfer of a 74.93% stake in BNPPF in return for BNP Paribas SA shares. BNPPF holds stakes in a range of subsidiaries (subsidiaries are those companies whose financial and operating policies BNPPF, directly or indirectly, has the power to govern so as to obtain benefits from its activities), the most important of which are:

- 50% + 1 share stake in BGL BNP Paribas SA
- ~~85.00% stake in BNP Paribas Bank Polska SA~~
- Direct ~~2118.2226~~% stake in Turk Ekonomi Bankası A.S. (TEB) and a 50% share of TEB Mali Yatirimlar A.S., a joint venture with the Colacoglu Group, which holds 55% of TEB's share capital.

BNPPF holds minority interest in, among others, AG Insurance (25% + 1 share), Bank BGŻ (28.35%) and BNP Paribas Investment Partners (28.37%).

- (c) The paragraphs under sub-heading “8. *Trend information*” and immediately before sub-heading “9. *Accredited statutory auditors of BNPPF*” are deleted and replaced with the following:

"Macroeconomic environment.

Market and macroeconomic conditions affect BNPPF's results. The nature of BNPPF's business makes it particularly sensitive to market and macroeconomic conditions in Europe, which have been difficult and volatile in recent years.

In 2015, the global economic activity remained sluggish. Growth slowed down in emerging countries, while modest recovery continued in developed countries. The global outlook is still impacted by three major transitions: the gradual slowdown of economic activity in China, the fall in prices of energy and other commodities, and the progressive tightening of the US monetary policy in a context of resilient recovery, while the central banks of several major developed countries are continuing to ease their monetary policies. For 2016, the IMF is forecasting the progressive recovery of global economic activity but with low growth prospects on the medium term in developed and emerging countries. The normalisation of monetary and financial conditions should be beneficial on the macro-financial level and significantly reduce downside risks.

While the exposure of the BNP Paribas Group in emerging countries is limited, the vulnerability of these economies may generate disruptions in the global financial system that could affect the BNP Paribas Group (including BNPPF) and potentially alter its results.

In numerous emerging economies, an increase in foreign currency commitments was observed in 2015, while the levels of indebtedness (both in foreign and local currencies) are already high. Moreover, the prospects of a progressive hike in key rates in the United States (first move by the Federal Reserve in December 2015), as well as bouts of high financial volatility linked to the growth prospects of emerging countries, have contributed to the stiffening of external financial conditions, a

decrease in capital flows, further currency depreciations in numerous emerging countries and an increase in risks for banks, possibly leading to the downgrading of sovereign ratings.

Given the possible standardisation of risk premiums, there is a risk of global market disruptions (rise in risk premiums, erosion of confidence, decline in growth, postponement or slowdown in the harmonisation of monetary policies, drop in market liquidity, problem with the valuation of assets, shrinking of the credit offering, and chaotic de-leveraging) that would affect all banking institutions.

The continuation of a situation with exceptionally low interest rates could promote excessive risk-taking by certain financial players: increase in the maturity of loans and assets held, less stringent loan granting policies, increase in leverage financing.

Some players (insurance companies, pension funds, asset managers, etc.) entail an increasingly systemic dimension and in the event of market turbulence (linked for instance to a sudden rise in interest rates and/or a sharp price correction) they may decide to unwind large positions in an environment of relatively weak market liquidity.

Such liquidity pressure could be exacerbated by the recent increase in the volume of assets under management placed with structures investing in illiquid assets.

Laws and Regulations Applicable to Financial Institutions.

Laws and regulations applicable to financial institutions that have an impact on BNPPF have significantly evolved in the wake of the global financial crisis. The measures that have been proposed and/or adopted in recent years include more stringent capital and liquidity requirements (particularly for large global banking groups such as the BNP Paribas Group), taxes on financial transactions, restrictions and taxes on employee compensation, limits on the types of activities that commercial banks can undertake and ring-fencing or even prohibition of certain activities considered as speculative within separate subsidiaries, restrictions on certain types of financial products, increased internal control and reporting requirements, more stringent conduct of business rules, mandatory clearing and reporting of derivative transactions, requirements to mitigate risks in relation to over-the-counter derivative transactions and the creation of new and strengthened regulatory bodies.

The measures that were recently adopted, or in some cases proposed and still under discussion, that have or are likely to affect BNPPF, include in particular the EU Directive and Regulation on prudential requirements "CRD IV" dated 26 June 2013 and many of whose provisions have been applicable since 1 January 2014; the proposals of technical regulatory and execution rules relating to the Directive and Regulation CRD IV published by the EBA; the Belgian Banking Law dated 25 April 2014 replacing the previous law of 1993 and introducing important changes; the Belgian Royal Decree dated 22 February 2015 determining the entry into force of the Belgian Banking Law provisions relating to resolution (including the establishment of a Belgian Resolution Authority) and creating two preferential rights on the bank's movables; the Belgian Royal Decree dated 18 December 2015 amending the law of 25 April 2014 on the status and supervision of credit institutions and the Royal Decree of 26 December 2015 amending the law of 25 April 2014 on the status and supervision of credit institutions relating to the resolution and recovery of group failures; the public consultation for the reform of the structure of the EU banking sector of 2013 and the European Commission's proposed regulation on structural measures designed to improve the strength of EU credit institutions of 29 January 2014; the proposal for a regulation on indices used as benchmarks in financial instruments and financial contracts; the European Single Supervisory Mechanism; the European Single Resolution Mechanism dated 15 July 2014 and the European Directive on Bank Recovery and

Resolution dated 15 May 2014; the European Directive on Revised Deposit Guarantee Schemes dated 16 April 2014; the final rule for the regulation of foreign banks imposing certain liquidity, capital and other prudential requirements adopted by the U.S. Federal Reserve; the proposal of the U.S. Federal Reserve relating to liquidity ratios of large banks; and the "Volcker" Rule imposing certain restrictions on investments in or sponsorship of hedge funds and private equity funds and proprietary trading activities (of U.S. banks and to some extent non-U.S. banks) that was recently adopted by the U.S. regulatory authorities. More generally, regulators and legislators in any country may, at any time, implement new or different measures that could have a significant impact on the financial system in general or BNPPF in particular."

4. AMENDMENTS TO THE TAXATION SECTION

The "Taxation" section on pages 218 to 246 of the Base Prospectus is amended as follows:

- (a) The Paragraphs under the sub-heading "Taxation in Belgium" on pages 223 to 230 of the "Taxation" section of the Base Prospectus are amended as follows:

1. The second and third paragraphs under sub-paragraph "*Belgian resident individuals*" on pages 223 to 224 of the Base Prospectus are amended as follows:

Interest payments on Belgian Structured Notes will be subject to a ~~25~~27 per cent. withholding tax in Belgium. Similarly, interest payments on Foreign Structured Notes made through a paying agent in Belgium will in principle be subject to a ~~25~~27 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 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 ~~25~~27 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.

2. The third paragraph under sub-paragraph "*Belgian resident companies*" on page 224 of the Base Prospectus is amended as follows:

Interest payments on the Belgian Structured Notes will be subject to a ~~25~~27 per cent. withholding tax in Belgium. Similarly, interest payments on the Foreign Structured Notes made through a paying agent in Belgium are in principle be subject to a ~~25~~27 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 can 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.

3. The second and third paragraphs under sub-paragraph "*Other Belgian resident legal entities*" on pages 224 to 225 of the Base Prospectus are amended as follows:

Interest payments on Belgian Structured Notes will be subject to a ~~25-27~~ per cent. withholding tax in Belgium. Similarly, interest payments on Foreign Structured Notes made through a paying agent in Belgium will in principle be subject to a ~~25-27~~ per cent. withholding tax in Belgium. If Belgian withholding tax was levied, 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 Belgian resident legal entity itself is responsible for the deduction and payment of the ~~25-27~~ per cent. withholding tax.

4. The first paragraph under sub-paragraph “*Belgian non-residents*” on page 225 of the Base Prospectus is amended as follows:

Interest income on Belgian Structured Notes paid to non-residents of Belgium and interest income on Foreign Structured Notes paid to non-residents of Belgium through a professional intermediary in Belgium will, in principle, be subject to a ~~25-27~~ per cent. withholding tax. Lower rates may apply if the holder of the Structured Notes is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit. If interest on Foreign Structured Notes is not collected through a financial institution or other intermediary established in Belgium, no Belgian withholding tax is due.

5. The second and third paragraphs under sub-paragraph “*Belgian resident individuals*” on pages 226 to 227 of the Base Prospectus are amended as follows:

Interest payments on Belgian Notes will be subject to a ~~25-27~~ per cent. withholding tax in Belgium. Similarly, interest payments on Foreign Notes made through a paying agent in Belgium will in principle be subject to a ~~25-27~~ 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 ~~25-27~~ per cent.

6. The third paragraph under sub-paragraph “*Belgian resident companies*” on page 227 of the Base Prospectus is amended as follows:

Interest payments on the Belgian Notes will be subject to a ~~25-27~~ per cent. withholding tax in Belgium. Similarly, interest payments on the Notes made through a paying agent in Belgium are in principle be subject to a ~~25-27~~ 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 can 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.

7. The second and third paragraphs under sub-paragraph “*Other Belgian resident legal entities*” on page 227 of the Base Prospectus are amended as follows:

Interest payments on Belgian Notes will be subject to a 25-27 per cent. withholding tax in Belgium. Similarly, interest payments on Foreign Notes made through a paying agent in Belgium will in principle be subject to a 25-27 per cent. withholding tax in Belgium. If Belgian withholding tax was levied, no further Belgian income 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 Belgian resident legal entity itself is responsible for the deduction and payment of the 25-27 per cent. withholding tax.

8. The first paragraph under sub-paragraph “*Belgian non-residents*” on pages 227 to 228 of the Base Prospectus is amended as follows:

Interest income on Belgian Notes paid to non-residents of Belgium and interest income on Foreign Notes paid to non-residents of Belgium through a professional intermediary in Belgium will, in principle, be subject to a 25-27 per cent. withholding tax. Lower rates may apply if the holder of the Notes is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit. If interest on Foreign Notes is not collected through a financial institution or other intermediary established in Belgium, no Belgian withholding tax is due.

9. The second paragraph under sub-paragraph “*Withholding tax*” on pages 228 to 229 of the Base Prospectus is amended as follows:

Participants in the NBB system must keep the Notes they hold for the account of Eligible Investors on so called “**X accounts**”, and those they hold for the account of non-Eligible Investors on “**N accounts**”. Payments of interest made through X accounts are free of withholding tax; payments of interest made through N accounts are subject to a withholding tax of 25-27 per cent., which the NBB deducts from the payment and pays over to the tax authorities. In the case of Notes issued at a discount, the difference between the issue price and the nominal amount constitutes interest for these purposes.

10. The first and second paragraphs under sub-paragraph “*Belgian resident individuals*” on page 229 of the Base Prospectus are amended as follows:

For Belgian resident individuals, i.e., natural persons who are subject to Belgian personal income tax (“*Personenbelasting/Impôt des personnes physiques*”) and who hold the Notes as a private investment, payment of the 25-27 per cent. withholding tax fully discharges them from their personal income tax liability with respect to these interest payments. This means that they do not have to declare interest in respect of the Notes in their personal income tax return, provided that Belgian withholding tax has effectively been levied on the interest.

Nevertheless Belgian resident individuals may elect to declare interest in respect of the Notes in their personal income tax return. Interest income which is declared in this way will in principle be taxed at a flat rate of 25-27 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). The Belgian withholding tax levied may be credited.

11. The first and second paragraphs under sub-paragraph “*Belgian resident legal entities*” on page 230 of the Base Prospectus are amended as follows:

For Belgian legal entities subject to Belgian legal entities tax (“*Rechtspersonenbelasting/impôt des personnes morales*”) and which have been subject to the

~~25-27~~ per cent. withholding tax on interest payments, such withholding tax constitutes the final taxation.

Belgian legal entities which have received interest income on the Notes without deduction for or on account of Belgian withholding tax are required to declare and pay the ~~25-27~~ per cent. withholding tax to the Belgian tax authorities themselves.

12. The second paragraph under sub-paragraph “*Belgian non-residents*” on page 230 of the Base Prospectus is amended as follows:

If the Notes are not entered into an X account by the Eligible Investor, withholding tax on the interest is in principle applicable at the rate of currently ~~25-27~~ per cent., possibly reduced pursuant to a double taxation agreement.

5. AMENDMENTS TO THE FORM OF FINAL TERMS FOR NON-EXEMPT NOTES

The “Form of Final Terms for Non-Exempt Notes” section on pages 259 to 301 of the Base Prospectus is amended as follows:

- (a) The address of the registered office of BNP Paribas Securities Services, Luxembourg Branch as the Fiscal Agent as set out on page 259 and 260 and as the Principal Paying Agent as set out on page 260 in the Form of Final Terms for Non-Exempt Notes shall be deleted and replaced with the following new address:

“60, avenue J.F. Kennedy, L-1855 Luxembourg.”

6. AMENDMENTS TO THE FORM OF PRICING SUPPLEMENT FOR EXEMPT NOTES ONLY

The “Form of Pricing Supplement for Exempt Notes Only” section on pages 303 to 342 of the Base Prospectus is amended as follows:

- (a) The address of the registered office of BNP Paribas Securities Services, Luxembourg Branch as the Fiscal Agent as set out on page 303 shall be deleted and replaced with the following new address:

“60, avenue J.F. Kennedy, L-1855 Luxembourg.”

7. AMENDMENTS TO THE BACK PAGE

The “Back Page” on pages 348 to 349 of the Base Prospectus is amended as follows:

- (a) The address of the registered office of BNP Paribas Securities Services, Luxembourg Branch as Fiscal Agent, Registrar, Principal Paying Agent and Transfer Agent as set out on page 348 shall be deleted and replaced with the following new address:

“60, avenue J.F. Kennedy
L-1855 Luxembourg”

- (b) The address of the registered office of BNP Paribas Securities Services, Luxembourg Branch as Luxembourg Listing Agent as set out on page 349 shall be deleted and replaced with the following new address:

“60, avenue J.F. Kennedy
L-1855 Luxembourg”

WITHDRAWAL RIGHT

The subscribers of the Notes not yet issued but that are still offered to the public by BNPPF or BP2F on the date of this Supplement have the right to withdraw their orders during two working days following the publication of this Supplement on the following websites: www.bourse.lu, www.bnpparibasfortis.be/emissions, and www.bp2f.lu, i.e. until 29 February 2016.

RESPONSIBILITY STATEMENT

Each of the Issuers and the Guarantor accepts responsibility for the information contained in this Supplement. Each of the Issuers and the Guarantor declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. Each of the Issuers estimates that, to the best of its knowledge and save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to the information included in the Base Prospectus since its publication.

The distribution of this Supplement may be restricted by law. Persons into whose possession this Supplement or/and the Base Prospectus comes are required by the Issuers, the Guarantor and the Dealers to inform themselves about and to observe any such restrictions.

Neither this Supplement, nor the Base Prospectus nor any Final Terms constitutes an offer of, or an invitation by or on behalf of the Issuer, the Guarantor or the Dealers to subscribe for or purchase, any Notes and should not be considered as a recommendation by the Issuers, the Guarantor, the Dealers or any of them that the recipient of this Supplement, the Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Supplement or the Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuers and the Guarantor.

None of the Dealers nor any of its respective affiliates has authorized the whole or any part of this Supplement, nor separately verified the information contained or incorporated in this Supplement and none of them makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information (including that incorporated) in this Supplement.

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