

5 September 2016  
FIRST SUPPLEMENT TO THE BASE PROSPECTUS



**BNP PARIBAS**  
**FORTIS**

**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 first supplement dated 5 September 2016 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 13 June 2016 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) incorporating to the Base Prospectus the following documents:
  - a. the press release dated 29 August 2016 published by BNPPF regarding its first half 2016 results; and
  - b. the half-year financial report of BNPPF for the first half-year 2016;
- (C) amending the "Description of BNP Paribas Fortis SA/NV";
- (D) amending the "Risk Factors" section; and
- (E) amending the "General Information" section

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](http://www.bourse.lu)) and on the websites of BNPPF ([www.bnpparibasfortis.be/emissions](http://www.bnpparibasfortis.be/emissions)) and of BP2F ([www.bp2f.lu](http://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.

#### **A. AMENDMENTS TO THE SUMMARY IN RELATION TO THE BASE PROSPECTUS**

The Summary on pages 18 to 54 of the Base Prospectus is amended as follows:

- (a) In Element B.12, the following table regarding BNPPF is inserted immediately above the heading "Selected historical key information of BP2F" on page 25:

##### **2016 First half results: selection of figures**

<b>In millions of EUR</b>		
	<b>30/06/2015</b>	<b>30/06/2016</b>
Revenues	3,729	3,631
Gross operating income	1,365	1,373
Cost of risk	-209	-215
Net Income	1,040	1,244
Net Income attributable to shareholders	811	1,019

<b>In millions of EUR</b>		
	<b>30/06/2016</b>	<b>31/12/2015</b>
Total Consolidated Balance Sheet	296,155	273,683
Consolidated loans and receivables due from	168,634	176,640

customers		
Shareholders' equity	19,631	18,754
Consolidated items due to customers	171,626	176,161
Debt securities	14,366	11,133
Subordinated debt	4,277	5,084
Common Equity Tier 1 Ratio	13.4%	14.2%

- (b) In Element B.19/B.12, the following table regarding BNPPF is inserted immediately above the heading "*Statements of no significant or material adverse change*" on page 30:

**2016 First half results: selection of figures**

<b>In millions of EUR</b>		
	<b>30/06/2015</b>	<b>30/06/2016</b>
Revenues	3,729	3,631
Gross operating income	1,365	1,373
Cost of risk	-209	-215
Net Income	1,040	1,244
Net Income attributable to shareholders	811	1,019

<b>In millions of EUR</b>		
	<b>30/06/2016</b>	<b>31/12/2015</b>
273,683	296,155	
Consolidated loans and receivables due from customers	168,634	176,640
Shareholders' equity	19,631	18,754
Consolidated items due to customers	171,626	176,161
Debt securities	14,366	11,133
Subordinated debt	4,277	5,084
Common Equity Tier 1 Ratio	13.4%	14.2%

- (c) Element B.4b on page 21, is deleted in its entirety and replaced with the following (the changes against the previous version of that wording appearing in bold and being underlined):

<b>B.4b</b>	Trend information	<p><b>Macroeconomic environment</b></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 activity<sup>13</sup> 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% 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.]</p> <p>[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.</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 growth prospects of emerging countries, have contributed to the stiffening of external financial conditions, a decrease in capital flows,</p>
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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

		<p>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; and 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; <b><u>Royal Decrees being ratified by the Act of 27 June 2016;</u></b> 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; <b><u>Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014;</u></b> 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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- (d) Element B.19/B.4b on page 27, is deleted in its entirety and replaced with the following (the changes against the previous version of that wording appearing in bold and being underlined):

<b>B.19/B.4b</b>	Trend information	<p><b>Macroeconomic environment</b></p> <p>Market and macroeconomic conditions affect BNPPF's results. The nature of BNPPF's business makes it particularly</p>
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	<p>sensitive to market and macroeconomic conditions in Europe, which have been at times challenging and volatile in recent years.</p> <p>In 2015, the global economic activity remained sluggish. Activity slowed down in emerging countries, while a modest recovery continued in developed countries. The global outlook is still impacted by three major transitions: the diminished economic growth in China, the fall in prices of energy and other commodities, and an initial tightening of US monetary policy in a context of resilient internal recovery, while the central banks of several major developed countries are continuing to ease their monetary policies. For 2016, the International Monetary Fund (IMF) is forecasting the progressive recovery of global economic activity<sup>(14)</sup> but with low growth prospects on the medium term in developed and emerging countries.</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 rate increase decided by the Federal Reserve in December 2015), as well as heightened financial volatility linked to the concerns regarding growth in emerging countries, have contributed to the stiffening of external financial conditions, capital outflows, further currency depreciations in numerous emerging countries and an increase in risks for banks. This could lead to the downgrading of sovereign ratings.</p>
	<p>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.</p> <p>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.</p> <p>Some players (insurance companies, pension funds, asset</p>

<sup>(14)</sup> See: IMF – October 2015 Financial Stability Report, Advanced Countries and January 2016 update

	<p>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.</p> <p>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> <p><b><i>Laws and Regulations Applicable to Financial Institutions.</i></b></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, <b><u>both Royal Decrees being ratified by the Act of 27 June 2016</u></b>; the public consultation for the reform of the structure of the EU banking sector of 2013 and the European Commission's</p>

		<p>proposed regulation on structural measures designed to improve the strength of EU credit institutions of 29 January 2014; <b><u>Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014;</u></b> 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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- (e) On page 25, the final paragraph in Element B.12 after the title "Statements of no significant or material adverse change" is deleted and replaced with the following:

"Not Applicable – There has been no significant change in the financial or trading position of [BNPPF] [BP2F] since 30 June 2016 and there has been no material adverse change in the prospects of [BNPPF] [BP2F] since 31 December 2015."

- (f) On page 30, the final paragraph in Element B.19/B.12 after the title "Statements of no significant or material adverse change" is deleted and replaced with the following:

"Not Applicable - There has been no significant change in the financial or trading position of the Guarantor since 30 June 2016 and no material adverse change in the prospects of the Guarantor since 31 December 2015."

## **B. INFORMATION INCORPORATED BY REFERENCE**

The following documents have been filed with the Luxembourg *Commission de Surveillance du Secteur Financier* for the purposes of the Prospectus Directive and, by virtue of this First Supplement, are incorporated by reference in, and form part of, the Base Prospectus:

- (a) the press release dated 29 August 2016 published by BNPPF regarding its first half 2016 results; and

- (b) BNPPF's unaudited half-year financial report for the first half-year 2016 (including the review report thereon issued by PwC Bedrijfsrevisoren bcvba/ Reviseurs d'Entreprises scrl (represented by Damien Walgrave) and Deloitte Bedrijfsrevisoren bv ovv cvba/Reviseurs d'Entreprises sc sous forme d'une scrl (represented by Yves Dehogne and Bernard De Meulemeester)).

The section "INFORMATION INCORPORATED BY REFERENCE" on pages 99 to 103 of the Base Prospectus is updated accordingly as follows:

the following new paragraphs (15) to (16) are added after paragraph (14) on page 103:

- (15) the entire press release dated 29 August 2016 published by BNPPF regarding its first half 2016 results (the "**BNPPF H1-2016 Press Release**") and including the following information:

<b>Relevant paragraphs of the BNPPF H1-2016 Press Release</b>	<b>Relevant page number of the BNPPF H1-2016 Press Release</b>
Overview of the main figures	Page 1
Analysis focusing on underlying business performance and excluding non-recurrent items	Pages 2-3
Comments from the CEO of BNPPF	Page 4
Consolidated profit and loss account	Pages 5-6

; and

- (16) the unaudited half-year financial report for the first half-year 2016 of BNPPF (including the review report thereon issued by PwC Bedrijfsrevisoren bcvba/ Reviseurs d'Entreprises scrl (represented by Damien Walgrave) and Deloitte Bedrijfsrevisoren bv ovv cvba/Reviseurs d'Entreprises sc sous forme d'une scrl (represented by Yves Dehogne and Bernard De Meulemeester)) (the "**BNPPF Interim Financial Statements**") and including the following information:

<b>Relevant sections of the BNPPF Interim Financial Statements</b>	<b>Relevant page number of the BNPPF Interim Financial Statements</b>
Report of the Board of Directors	Page 5
Statement of the Board of Directors	Page 13
Composition of the Board of Directors	Page 14
BNP Paribas Fortis Consolidated Interim	

Financial Statements :	
Profit and loss account	Page 17
Statement of net income and changes in assets and liabilities recognised directly in equity	Page 18
Balance sheet	Page 19
Cash flow statement	Page 20
Statement of changes in shareholders' equity	Page 21
Minority interests	Page 22
Notes to the Consolidated Interim Financial Statements	Page 23
Report of the accredited statutory auditors	Page 86

**C. AMENDMENT TO THE "DESCRIPTION OF BNP PARIBAS FORTIS SA/NV"**

The section "Description of BNP Paribas Fortis SA/NV" on pages 105 to 122 of the Base Prospectus is amended as follows:

- a. the paragraph under the heading "8. Trend Information" on page 120 is deleted in its entirety and replaced with the following (the changes against the previous version of that wording appearing in bold and being underlined):

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 at times changing and volatile in recent years.

In 2015, the global economic activity remained sluggish. Activity slowed down in emerging countries, while a modest recovery continued in developed countries. The global outlook is still impacted by three major transitions: the diminished economic growth in China, the fall in prices of energy and other commodities, and an initial tightening of US monetary policy in a context of resilient internal 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.

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 rate increase decided by the Federal Reserve in December 2015), as well as heightened financial volatility linked to the concerns regarding growth in emerging countries, have contributed to the stiffening of external financial conditions, capital outflows, further currency depreciations in numerous emerging countries and an increase in risks for banks. This could lead 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; and 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; **both Royal Decrees being ratified by the Act of 27 June 2016**; 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; **Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014**; 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.

- b. the paragraph under the heading "**10. Significant change in BNPPF's financing or trading position**" on page 122 is deleted in its entirety and replaced with the following:

"There has been no significant change in the financial or trading position of BNPPF since 30 June 2016."

#### **D. AMENDMENTS TO THE RISK FACTORS SECTION**

- (a) Under item (I) (A) (ii), on page 58, the fourth paragraph is deleted in its entirety and replaced by the following (the changes against the previous version of that wording appearing in bold and being underlined)::

"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; the Royal Decree of 26 December 2015 amending the law of 25 April 2014; **and the Act of 27 June 2016**, 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).”

- (b) Item (II) (Z)(i), on page 83, the wording under heading “**Implementation of BRRD in Belgium**” is deleted in its entirety and replaced by the following (the changes against the previous version of that wording appearing in bold and being underlined):

“The implementation of the BRRD into Belgian law has been made by four 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 **were ratified by the law of 27 June 2016.**

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."

## **E. AMENDMENTS TO THE GENERAL INFORMATION SECTION**

The section "General Information" on pages 188 to 193 of the Base Prospectus is amended as follows:

The following new paragraphs are added under the heading 8 on page 192:

- (j) the BNPPF H1-2016 Press Release, and
- (k) the BNPPF Interim Financial Statements

## **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](http://www.bourse.lu), [www.bnpparibasfortis.be/emissions](http://www.bnpparibasfortis.be/emissions), and [www.bp2f.lu](http://www.bp2f.lu), i.e. until 7 September 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.

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