

Prospectus dated 27 November 2017



**BNP PARIBAS  
CARDIF**

**BNP PARIBAS CARDIF**

**€750,000,000 1.00 per cent. Tier 3 Notes due 29 November 2024**  
**Issue Price: 99.203 per cent.**

This prospectus (the **Prospectus**) does not constitute a prospectus for the purposes of the Directive 2003/71/EC of the European Parliament and of the Council dated 4 November 2003, as amended (the **Prospectus Directive**). Accordingly, this Prospectus has not been and will not be submitted for approval to any competent authority within the meaning of the Prospectus Directive and in particular the Luxembourg *Commission de Surveillance du Secteur Financier*, in its capacity as competent authority for the purposes of the Prospectus Directive.

Application has been made to the Luxembourg Stock Exchange, in its capacity as market operator of the Euro MTF Market (the **Euro MTF Market**) under the rules and regulations of the Luxembourg Stock Exchange, to approve the final Prospectus pursuant to part IV of the Luxembourg law on prospectuses for securities dated 10 July 2005, as amended. Application has been made for the Notes to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF Market. The Euro MTF Market is not a regulated market for the purposes of the Directive 2004/39/EC on markets in financial instruments, as amended.

The €750,000,000 1.00 per cent. Tier 3 notes due 29 November 2024 (the **Notes**) of BNP PARIBAS CARDIF (the **Issuer** or **BNP PARIBAS CARDIF**) will be issued on 29 November 2017 (the **Issue Date**) in the denomination of €100,000 each.

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their Principal Amount on the Interest Payment Date (as defined below) falling on or about 29 November 2024 (the **Scheduled Maturity Date**) (subject, in particular, to the prior approval of the Relevant Supervisory Authority) as further specified in "*Terms and Conditions of the Notes — Redemption and Purchase*". In addition, the Issuer may (subject, in particular, to the prior approval of the Relevant Supervisory Authority) redeem the Notes at any time for Tax Reasons, for Regulatory Reasons, for Accounting Reasons or if the conditions for a Clean-Up Call are satisfied, all as set out in "*Terms and Conditions of the Notes — Redemption and Purchase*".

Subject to Mandatory Interest Deferral as set out in "*Terms and Conditions of the Notes — Interest*", each Note will bear interest on its principal amount at a fixed rate of 1.00 per cent. *per annum* (the **Interest Rate**) payable annually in arrear on 29 November in each year (each, an **Interest Payment Date**), commencing on 29 November 2018. Payment of interest on the Notes will be deferred under certain circumstances, as set out in "*Terms and Conditions of the Notes - Interest - Mandatory Interest Deferral*".

The Notes will be issued in dematerialised bearer form (*au porteur*). Title to the Notes will be evidenced in accordance with Article L.211-3 *et seq* of the French *Code monétaire et financier* by book-entries (*inscription en compte*) in the books of Account Holders. No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes. The Notes will, upon issue, be inscribed in the books of Euroclear France, which shall credit the accounts of the Account Holders, as set out in "*Terms and Conditions of the Notes — Denomination, Form and Title of the Notes*".

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or under any securities law of any state or other jurisdiction of the United States and may not be offered or sold within the United States or, for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Accordingly, the Issuer is offering the Notes only to non-U.S. persons outside the United States in offshore transactions within the meaning of and in reliance upon Regulation S under the Securities Act (**Regulation S**). For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see "*Subscription and Sale*".

The Notes are expected to be rated BBB by S&P Global Ratings (**S&P**). As at the date of this Prospectus, S&P is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 of the European Parliament and of the Council dated 16 September 2009, on credit rating agencies, as amended (the **CRA Regulation**). As such, S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority (ESMA) on its website ([www.esma.europa.eu/supervision/credit-rating-agencies/risk](http://www.esma.europa.eu/supervision/credit-rating-agencies/risk)) in accordance with the CRA Regulation. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, revised or withdrawn at any time without notice.

Copies of this Prospectus and all documents incorporated by reference herein are available (i) on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and (ii) on the website of the Issuer ([www.bnpparibascardif.com](http://www.bnpparibascardif.com)) and may be obtained, without charge on request, at the principal office of the Issuer during normal business hours.

**An investment in the Notes involves certain risks. Potential investors should review all the information contained or incorporated by reference in this document and, in particular, the information set out in the section entitled "Risk Factors" before making a decision to invest in the Notes.**

*Structuring Advisor, Global Coordinator and Sole Bookrunner*  
**BNP Paribas**

*Joint Lead Managers*

**Banca IMI S.p.A.**  
**BNP Paribas**

**Banco Santander, S.A.**  
**ING**

**UniCredit Bank**

*Certain information contained in this Prospectus and/or documents incorporated herein by reference have been extracted from sources specified in the sections where such information appears. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the above sources, no facts have been omitted which would render the information reproduced inaccurate or misleading. The Issuer has also identified the source(s) of such information.*

*Unless otherwise specified herein, references to the **Group** or to **BNP Paribas Cardif Group** are to the Issuer, together with its consolidated subsidiaries.*

*This Prospectus is to be read in conjunction with any supplement that may be published, and all documents which are incorporated herein by reference (see the section entitled "Documents Incorporated by Reference"). This Prospectus shall be read and construed on the basis that such documents are incorporated in, and form part of, this Prospectus.*

*The Joint Lead Managers (as defined in the section entitled "Subscription and Sale") have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers as to the accuracy or completeness of any of the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the issue and sale of the Notes.*

*This Prospectus does not constitute a prospectus for the purpose of the Prospectus Directive and has been prepared for the purposes of giving information with regard to, the Issuer, the Group and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the Group.*

*In connection with the issue and sale of the Notes, no person is or has been authorised by the Issuer or the Joint Lead Managers to give any information or to make any representation not contained in or not consistent with this Prospectus and if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Joint Lead Managers.*

*Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that there has been no change in the affairs of the Issuer or those of the Group since the date hereof or the date upon which this Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer or that of the Group since the date hereof or the date upon which this Prospectus has been most recently supplemented or that any other information supplied in connection with the issue and sale of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to its attention. Investors should review, inter alia, the documents incorporated by reference into this Prospectus when deciding whether or not to subscribe for or to purchase any Notes.*

*Neither this Prospectus nor any other information supplied in connection with the issue and sale of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any other information supplied in connection with the issue and sale of the Notes should purchase any Notes. Neither this Prospectus nor any other information supplied in connection with the issue and sale of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Joint Lead Managers to any person to subscribe for or to purchase any Notes.*

*In making an investment decision regarding the Notes, prospective investors should rely on their own independent investigation and appraisal of (a) the Issuer, the Group, their business, their financial condition and affairs and (b) the terms of the offering, including the merits and risks involved. The content of this Prospectus is not to be construed as legal, business or tax advice. Each prospective investor should consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes and the suitability of investing in the Notes in light of its particular circumstances. None of the Joint Lead Managers undertakes to review the financial condition or affairs of the Issuer or the Group after the date of this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Lead Managers. Potential investors should, in particular, read carefully the section entitled "Risk Factors" set out below before making a decision to invest in the Notes.*

*This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Joint Lead Managers do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Lead Managers which would permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the United Kingdom and France, see the section entitled "Subscription and Sale".*

*This Prospectus is being provided for informational use solely in connection with the consideration of a purchase of the Notes in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act. Its use for any other purpose is not authorized.*

*In this Prospectus, unless otherwise specified or the context requires, references to **euro**, **EUR** and **€** are to the single currency of the participating member states of the European Economic and Monetary Union which was introduced on 1 January 1999.*

*In connection with the issue of the Notes, BNP Paribas (herein referred to as the **Stabilising Manager**), (or persons acting on behalf of the Stabilising Manager), may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail but in doing so the Stabilising Manager shall act as principal and not as agent of the Issuer. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of thirty (30) calendar days after the issue date of the Notes and sixty (60) calendar days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or person(s) acting on its behalf) in accordance with all applicable laws and rules. As between the Issuer and the Stabilising Manager, any loss resulting from over-allotment and stabilisation shall be borne, and any profit arising therefrom shall be retained, by the Stabilising Manager.*

## FORWARD-LOOKING STATEMENTS

Certain statements contained herein are forward-looking statements including, but not limited to, statements that are predictions of or indicate future events, trends, business strategies, expansion and growth of operations plans or objectives, competitive advantage and regulatory changes, based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact. The Issuer and the Group may also make forward-looking statements in its audited annual financial statements, in its prospectuses, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Forward-looking statements are typically identified by words or phrases such as, without limitation, "anticipate", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend", "may increase" and "may fluctuate" and similar expressions or by future or conditional verbs such as, without limitation, "will", "should", "would" and "could." Undue reliance should not be placed on such statements, because, by their nature, they are subject to known and unknown risks, uncertainties, and other factors and actual results may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Please refer to the section entitled "*Risk Factors*" below.

BNP PARIBAS CARDIF operates in a continually changing environment and new risks emerge continually. Forward-looking statements speak only as of the date they are made and BNP PARIBAS CARDIF does not undertake any obligation to update or revise any of these forward-looking statements, to reflect new information, future events or circumstances or otherwise.

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## **PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE PROSPECTUS**

To the best knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

### **BNP PARIBAS CARDIF**

1, boulevard Haussmann  
75009 Paris  
France

Duly represented by:  
Renaud Dumora  
*Chief Executive Officer*

## **RISK FACTORS**

*Prior to making an investment decision, prospective investors in the Notes offered hereby should consider carefully, among other things and in light of their financial circumstances and investment objectives, all the information of this Prospectus and, in particular, the risks factors set forth below. Each of the risks highlighted below could have a material adverse effect on the business, operations, financial conditions or prospects of the Issuer, which in turn could have a material adverse effect on the amount of principal and interest which investors will receive in respect of the Notes. In addition, each of the risks highlighted below could adversely affect the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but this section is not intended to be exhaustive and the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may be caused by events the occurrence of which, in the view of the Issuer, is so unlikely that they should not be considered significant risks based on information currently available to the Issuer or which it may not currently be able to anticipate.*

*Prospective investors should make their own independent evaluation of all risk factors contained in this section.*

*Words and expressions defined in the section entitled "Terms and Conditions of the Notes" herein shall have the same meanings in this section.*

*The order in which the following risks factors are presented is not an indication of the likelihood of their occurrence.*

### **1. RISK FACTORS RELATING TO THE ISSUER**

#### **1.1 General legal and economic risks**

*Compliance with government policy, regulation or legislation in the countries in which the Issuer operates may affect its profitability.*

The Issuer is subject to extensive regulation and supervision in the jurisdictions in which it does business. This includes, notably, matters relating to licensing and examination, rate setting, trade practices, policy reforms, limitations on the nature and amount of certain investments, underwriting and claims practices, guarantee funds, adequacy of its claims provisions, capital and surplus requirements, insurer solvency, the amount of dividends that may be paid and underwriting standards. Such regulation and supervision is primarily for the benefit and protection of policyholders and not for the benefit of investors. In some cases, regulation in one country may affect business operations in another country. As the amount and complexity of these regulations increase, the cost of compliance and the risk of non-compliance will also increase. If the Issuer does not meet regulatory or other requirements, the Issuer may suffer penalties including fines, suspension or cancellation of its insurance licenses which could adversely affect its ability to render its services and do business. In addition, significant regulatory action against the Issuer could have material adverse financial effects, cause significant reputational harm or harm its business prospects.

In addition, the Issuer may be adversely affected by changes in governmental policy or legislation applying to companies in the insurance industry. These changes include possible changes in regulations covering pricing and benefit payments for certain statutory classes of business, the deregulation and nationalization of certain classes of business, the regulation of selling practices, the regulations covering policy terms and the imposition of new taxes and assessments or increases in existing taxes and assessments. Regulatory changes may affect its existing and future



businesses by, for example, causing customers to cancel or not renew existing policies or requiring the Issuer to change its range of products or to provide certain products (such as terrorism or flood cover where it is not already required) and services, redesign its technology or other systems, retrain its staff, pay increased tax or incur other costs. It is not possible to determine what changes in governmental policy or legislation will be adopted in any jurisdiction in which the Issuer operates and, if so, what form they will take or in what jurisdictions they may occur. Insurance laws or regulations that are adopted or amended may be more restrictive than its current requirements, may result in higher costs or limit its growth or otherwise adversely affect its operations.

#### *Competition risk*

There is substantial competition among insurance companies in the jurisdictions in which the Issuer does business. The Issuer competes with general insurers many of whom have greater financial and marketing resources and greater name recognition than it have. The recent consolidation in the global financial services industry has also enhanced the competitive position of some of its competitors compared to the Issuer by broadening the range of its products and services, and increasing their distribution channels and their access to capital.

The BNP Paribas Cardif Group's competitors include not only other insurance companies, but also mutual fund companies, asset management firms and commercial and investment banks, many of which are regulated differently than the BNP Paribas Cardif Group is and may be able to offer alternative products or more competitive pricing than the BNP Paribas Cardif Group.

The level of profitability of a insurance company is significantly influenced by the adequacy of premium income relative to its risk profile and claims exposure, as well as the general level of business costs. In addition, development of alternative distribution channels for certain types of insurance products, including through Internet may result in increasing competition as well as pressure on margins for certain types of products. These competitive pressures could result in increased pricing pressures on a number of the BNP Paribas Cardif Group's products and services, particularly as competitors seek to win market share, which could harm the BNP Paribas Cardif Group's ability to market certain products profitably.

*Legal proceedings and litigation may adversely affect the Issuer's business, financial condition and results of operations.*

All insurance companies are exposed to litigation relating to claims on policies they underwrite. Accordingly, the Issuer is currently involved in such legal proceedings relating to claims lodged by policyholders, some of which involve claims for substantial damages and other relief. Judicial decisions may expand coverage beyond the Issuer's pricing and reserving assumptions by widening liability on its policy wording or by restricting the application of policy exclusions. There can be no assurance that the outcome of any of its judicial proceedings will be covered by its existing provisions for outstanding claims or its reinsurance protections or that litigation would not otherwise have a material adverse effect on its businesses, financial condition and results of operations.

*Changes in tax laws and regulations, including elimination of tax benefits for its products, may adversely affect sales of its insurance and investment advisory products, and also impact its deferred tax assets and liabilities.*

Changes to tax laws may affect the attractiveness of certain of the Issuer's products, which currently have favourable tax treatment. From time to time, governments in the jurisdictions in which the Issuer operates, consider or implement proposals for changes in tax law that could adversely affect the attractiveness of the insurance, asset management and other products the Issuer offers. In addition, changes in tax laws or regulations or an operating performance below currently anticipated levels may lead to an impairment of deferred tax assets, in which case the Issuer

could be obligated to write off certain tax assets. Tax assets may also need to be written down if certain assumptions of profitability prove to be incorrect, as losses incurred for longer than expected will make it more unlikely that the Issuer would be able to use its tax assets. Any such changes could be detrimental to its results of operations, financial condition and liquidity, and could impact the costs and profitability of its transactions.

*The Issuer's businesses, and therefore its results of operation, financial condition and liquidity may be adversely affected by the disruption in the global financial markets.*

Global credit and equity markets experienced extreme disruption from 2007 to 2012, particularly in Europe and the United States, and these markets have not fully recovered. This disruption included greater volatility, significantly less liquidity, widening of credit spreads and a lack of price transparency in certain markets. These conditions resulted in the failure of a number of financial institutions and unprecedented action by governmental authorities and central banks around the world. During the last years, there have been concerns over access to capital markets and the solvency of certain European Union member states, including Greece, Spain, Portugal, Ireland and Italy, unrest in Ukraine, the Middle East and North Africa, which has led to higher oil prices, and market volatility. If disruption to the global financial markets continues, it could adversely affect the Issuer's business, financial condition, results of operations and profitability in future periods. In addition, companies in its industry have become subject to increased litigation and regulatory and governmental scrutiny as a result of these events.

The Issuer may also turn to the market for short-, medium- or long-term financing as a result of a drop in unrealised gains, impairment of assets or a rise in surrender rates. Prolonged disruptions, uncertainty or volatility in the credit markets may limit its ability to access funding and capital, particularly its ability to issue longer-dated securities in international capital markets. These market conditions may limit the Issuer's ability to replace, in a timely manner, maturing liabilities and access the capital necessary to grow the Issuer's business. The Issuer may also be forced to delay raising longer term funding and capital, issue shorter tenors than it prefers, or pay unattractive interest rates, thereby increasing its debt expense, decreasing its profitability and significantly reducing its financial flexibility.

*The performance of the Issuer is affected by general economic conditions and the cyclical nature of the insurance and reinsurance industries*

The performance of the Issuer is affected by changes in economic conditions, both globally and in the particular countries in which the Issuer conducts its business. The insurance market is cyclical in nature. Furthermore, the timing and application of these cycles differ among its geographic and product markets. Unpredictable developments also affect the industry's profitability, including changes in competitive conditions and pricing pressures, unforeseen developments in loss trends, market acceptance of new coverages, changes in operating expenses, fluctuations in inflation and interest rates and other changes in investment markets that affect market prices of investments and income from such investments. Fluctuations in the availability of capital could also have a significant influence on the cyclical nature of the insurance market. These cycles influence the demand for and pricing of its products and services and therefore affect the Issuer's financial position, profits and dividends. Accordingly, its results of operations may be adversely impacted if actual experience differs from management's estimates.

*In 2016, the European Union implemented Solvency II, the new regime governing solvency requirements, technical reserves and other requirements for insurance companies. A new set of evolution is forecasted for 2018, the effect of which is uncertain.*

In 2016, the European Union (EU) implemented a new regime in relation to solvency requirements and other matters, affecting the financial strength of insurers, mutuals (*mutuelles*) and welfare

institutions (*institutions de prévoyance*) (**Solvency II**) within each Member State. The new regime for insurers, mutuals and welfare institutions domiciled in the EU *inter alia* applies more risk sensitive standards to capital requirements and has effected a full revision of the insurance industry's activities' solvency framework, prudential regime and supervision mechanisms.

The European Parliament and Council of the European Union approved the directive containing the framework principles of Solvency II on 22 April and 10 November 2009, respectively. This directive has been amended by the Omnibus II directive on 11 March 2014 which supplements the Solvency II Directive and introduces transitional measures. The Solvency II Directive has been implemented under French law by the ordinance (*ordonnance*) n°2015-378 dated 2 April 2015 completed by the decree (*décret*) n°2015-513 dated 7 May 2015 and an order (*arrêté*) of the same date.

While the overall intentions and process for implementing Solvency II are known, the future landscape of EU solvency regulation is still evolving, and the precise interpretation of the rules is still being developed. At this stage, uncertainties with respect to some of the implementing measures still remain. In this regard, reference is made to the "Consultation Paper on EIOPA's second set of advice to the European Commission on specific items in the Solvency II Delegated Regulation", which was published on 6 November 2017, and which may lead to changes to Solvency II Regulations.

Furthermore, Solvency II may have a pro-cyclical effect on insurers and may not be as effective as anticipated to mitigate the impact of any existing or future crisis on the Issuer's solvency.

If the Issuer were to fail to implement any future implementing legislation related to Solvency II within the time required by the regulations, such delay could result in regulatory sanctions and/or reputational risk for the Issuer. More generally, the implementation of Solvency II could, through its resulting costs and uncertainties, have a material adverse effect on the financial condition, solvency margin, dividend policy, operations and therefore the business and prospects of the Issuer.

*A downgrade in the Issuer's rating may increase policy cancellations and non-renewals, adversely affect relationships with distributors and negatively impact new business*

The Issuer insurer financial strength rating is an important factor in establishing and maintaining its competitive position. The rating agency regularly reviews its rating and the ratings of the main affiliates of the group. The Issuer's credit rating is linked to the credit rating of BNP Paribas. Changes in rating methodology may also lead the rating agency to modify its rating. Future downgrades in the ratings of any of its subsidiaries (or the potential for such a downgrade) could, among other things, materially increase the number of policy cancellations and non-renewals, adversely affect relationships with the distributors of its products and services, including new sales of its products, and negatively impact the level of its premiums and adversely affect its ability to obtain reinsurance at reasonable prices or at all. This could adversely affect the Issuer's businesses, financial condition, results of operations and its cost of capital.

#### *Potential changes to French General Accepted Accounting Principles and IFRS*

The Issuer publishes its consolidated accounts in accordance with the French *General Accepted Accounting Principles* (**French GAAP**). These Standards are subject to interpretation and evolution on a continuing basis.

The Issuer will publish its consolidated accounts for the year ended 31 December 2017 in accordance with the International Financial Reporting Standards (**IFRS**). These Standards are subject to interpretation and evolution on a continuing basis.

The Issuer cannot predict with any certainty at this time the potential impact of any potential future modifications to the IFRS; however any significant modifications to the IFRS may adversely impact its results of operations and financial condition.

## **1.2 Insurance risks**

The Issuer is exposed to the following insurance risks:

### *Pricing risk*

This risk may arise as a result of premiums being too low to meet the commitments (risk of wrong assessment of the characteristics of the policy holder risk, risk of wrong evaluation of the premium). The launch of new products or changes to existing products may lead to the occurrence of this type of risk. The occurrence of such risk may affect the Issuer's profits and financial situation.

### *Provision risk*

This risk may arise if insufficient provision is made to meet commitments due to wrong assessment of available data, subsequent modification of the risk factors or inappropriate calculation parameters. The occurrence of such risk may affect the Issuer's profits and financial situation.

### *Disaster risk*

The risk for an insurer of the sudden occurrence of an incident involving very large claims or an accumulation of incidents due to a single event (for example, a pandemic risk). The occurrence of such risk may affect the Issuer's profits and financial situation.

### *Longevity, mortality and morbidity risk*

The Issuer may be affected by significant change in statistics of longevity, mortality or morbidity of its policyholders. The occurrence of such risk may affect the Issuer's profits and financial situation.

### *Surrender risk*

Savings contracts include a surrender clause allowing policyholders to request reimbursement of all or part of their accumulated savings. The Issuer is exposed to the risk of surrender volumes being higher than the forecasts used for asset liability management purposes, which may force the Issuer to sell assets at a loss.

### *For unit linked insurance contracts, risks linked to contracts with a guaranteed minimum benefit*

For unit linked insurance contracts, the insurer's liabilities are covered by assets held in unit linked portfolios, which are used as a reference for the valuation. The match between unit-linked liabilities and the related assets is controlled at monthly intervals only.

Certain unit-linked contracts include whole life covers providing for the payment of a death benefit at least equal to the cumulative premiums invested in the contract, whatever the conditions on the financial markets at the time of the insured's death. The risk on these contracts is both statistical (probability of a claim) and financial (market value of the units). The minimum guaranteed benefit reserve is (re)assessed every quarter and takes into account the probability of death, based on a deterministic scenario, and stochastic analyses of changing financial market prices.

#### *Lapse and transfer risk*

The Issuer may be affected by significant change in lapse of life insurance contracts or by transfer of group pension contracts to another insurer. The occurrence of such risk may affect the Issuer's profits and financial situation.

#### *Reinsurance risk*

An insurance company will usually attempt to limit its risks in particular lines of business or from specific events by using outward reinsurance arrangements. The Issuer has exposure to its reinsurers through its reinsurance arrangements. In such arrangements, the other insurers assume part of the cost, losses and expenses associated with incidents, and losses whether or not carried over, in exchange for a proportion of the premiums. The ability to make a claim under, and the amount and cost of, the reinsurance depends on general market conditions and may vary significantly. Any decrease in the amount of reinsurance cover purchased will increase the risk of loss for the Issuer. When reinsurance is put in place, the Issuer remains liable for transferred risks if the reinsurer does not fulfil its obligations. Default by a reinsurer could therefore affect the Issuer's profits and financial situation.

### **1.3 Financial risks**

The Issuer is exposed to the following financial risks:

#### *Market risk*

Market risk is the risk of a financial loss arising from adverse movements of financial markets. These adverse movements are notably reflected in prices (foreign exchange rates, bond prices, equity and commodity prices, derivatives prices, real estate prices...) and derived from fluctuations in interest rates, credit spreads, volatility and correlation.

#### *Credit risk*

Credit risk is the risk of loss resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance and reinsurance undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentrations. Among the debtors, risks related to financial instruments and risks related to receivables generated by the underwriting activities (premium collection, reinsurance recovering...) are distinguished into two categories: asset credit risk and liabilities credit risk.

Market risk and credit risk take into account concentration risk, which corresponds to all risk exposures with a loss potential which is significant.

The investment policy guides the investments in accordance with the prudent person principle provided for in Article L.354-1 of the French *Code des assurances*, the Investment and Asset Management governance covers all the key processes for asset management and the monitoring of risks, thus guaranteeing compliance with cross-departmental requirements. Investment rules are

formally presented in management agreements, and additional internal rules ensure that specific provisions are respected.

Investments are made in compliance with the strategic allocation of assets determined within the scope of asset and liability management (ALM). This allocation, determined in accordance with liabilities undertaken, matches the risk appetite determined by Executive Management and the Risk Management function.

Investment policy provides for dedicated committees under the responsibility of the Asset Management Division (DGA). The Asset Management Director is a member of the Company's Executive Committee and is Chief Operating Officer. These committees cover the full investment process.

#### *Currency risk*

This risk relates to the sensitivity of assets to changes in the currency in which assets may be recorded on the balance sheet.

#### *Liquidity risk*

Liquidity risk is the risk for the Issuer of being unable to fulfil current or future foreseen or unforeseen cash requirements coming from insurance commitments to policyholders, because of an inability to sell assets in a timely manner.

### **1.4 Insurance underwriting risk**

Underwriting risk is the risk for the Issuer of a financial loss caused by a sudden, unexpected increase in insurance claims. Depending on the type of insurance business (life, non-life), this risk may be statistical, macroeconomic or behavioural, or may be related to public health issues or disasters.

The underwriting process must comply with delegation limits set at various local and central levels, estimated maximum acceptable losses, estimated Solvency II capital requirements and estimated margins on the policies concerned. The experience acquired in managing geographically diversified portfolios is used to regularly update risk pricing databases comprising a wide range of criteria (such as the type of loan for creditor insurance, the type of guarantee, the population insured, etc.). Each contract is priced in reference to targets established for returns and for capital cost set by the Executive Management of the BNP Paribas Cardif Group.

Reinsurance is an additional component of the underwriting risk management system, particularly by limiting individual exposure and the outsourcing of risks that fall neither within the field of preferred risk for the BNP Paribas Cardif Group, nor within its risk appetite.

### **1.5 Operational risk**

Operational risk is the risk of loss resulting from the inadequacy or failure of internal processes of the Issuer, IT failures or deliberate external events, whether accidental or natural. The external events mentioned in this definition include those of human or natural origin.

## **1.6 Strategic risk**

Strategic risk arises from the failure of strategic initiatives (including acquisition, mergers, new products, markets, etc.) leading to loss. Strategic risk is linked most notably to:

- the external business environment: it is the risk of a financial loss due to fluctuations in volumes, margins and costs because of external, industry, or wider market factors; and
- the improper implementation of the risk strategy on the business development.

## **1.7 Asset liability management risk**

Asset liability management (ALM) risk is the risk of financial loss or of solvency issues resulting from incoherent investment policy of the Issuer on the one hand, underwriting and reinsurance policies of the Issuer on the other hand. This can concern for example, asset allocation, duration gaps, rates credited to policyholders, or off-balance sheet commitments. It materializes in differences between observed and expected cash flows (inflows and outflows) due to the inherent uncertainty of the modeling of interdependences between assets and liabilities.

ALM risk can lead to strategic mistakes, reputation degradation, liquidity issues or insolvency of the Issuer.

## **1.8 Compliance risk**

Compliance risk is the risk of legal, administrative or disciplinary sanctions, of significant financial loss or reputational damage that the Issuer may suffer as a result of failure to comply with laws and regulations, codes of conduct and standards of good practice applicable to insurance and financial activities, or instructions given by an executive body, particularly in application of guidelines issued by a supervisory body.

## **1.9 Emerging risk**

Emerging risks are new or evolutionary risks which are difficult to quantify and for which the timing, the nature and the extent of the potential losses are particularly uncertain.

## **1.10 Reputational risk**

Reputational risk is the risk of financial loss arising from a damage of the trust placed in BNP Paribas Cardif by its customers, counterparties, suppliers, employees, shareholders, supervisors and any other stakeholder whose trust is an essential condition for the corporation to carry out its day-to-day operations.

## **1.11 The risk management policies, procedures and methods may leave the Issuer exposed to unforeseen or unidentified risks**

The Issuer has engaged significant resources to develop evaluation policies, procedures and methods to manage operational, liquidity, credit and market risks and plans to continue making efforts in this direction in the future. However the Issuer's risk management strategies and techniques may not be entirely effective in mitigating exposure to risk in all market environments or against all types of risks, including those risks that the Issuer has not yet identified or anticipated.

If potential or existing customers believe that the risk management procedures and policies of the Issuer are not appropriate, the Issuer's reputation as well as its revenues and profits may be adversely affected.

## **2. RISK FACTORS RELATING TO THE NOTES**

*Capitalised expressions used below have the meaning ascribed to them in the Terms and Conditions of the Notes.*

### **2.1 General Risks relating to the Notes**

#### *Independent review and advice*

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Notes. A prospective investor may not rely on the Issuer or the Joint Lead Managers or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

#### *The Notes may not be a suitable investment for all investors*

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of financial markets;
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (f) consult their legal advisers in relation to possible legal or fiscal risks that may be associated with any investment in the Notes.

The Notes are complex financial instruments. Sophisticated institutional investors generally purchase complex financial instruments as part of a wider financial structure rather than as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting



effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

#### *Legality of purchase*

Neither the Issuer, the Joint Lead Managers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

#### *The trading market for the Notes may be volatile and may be adversely impacted by many events*

The market value of the Notes will be affected by the creditworthiness of the Issuer and a number of additional factors. The market for the Notes may be influenced by economic and market conditions, political events in France or elsewhere and, to varying degrees, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in France, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have any other adverse effect. The price at which a Noteholder will be able to sell the Notes may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

#### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (a) the Investor's Currency-equivalent yield on the Notes, (b) the Investor's Currency equivalent value of the principal payable on the Notes and (c) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### *Interest rate risks*

The Notes bearing interest at a fixed rate, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

#### *Credit ratings*

Credit ratings are expected to be assigned to the Notes by one independent credit rating agency (see cover page of this Prospectus for more information). The rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed herein, and other factors that may affect the value of the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time. A revision, suspension or withdrawal of a rating may adversely affect the market price of the Notes. In particular, such suspension, reduction or withdrawal of a credit rating may result from a change in the rating methodology of the assigning rating agency.

The Issuer's credit rating by S&P is linked to the credit rating of BNP Paribas. A downgrade of BNP Paribas may affect the credit ratings of the Issuer and the Notes.

*Credit ratings assigned to the Issuer or the Notes may not reflect all the risks associated with an investment in the Notes*

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

*An active trading market for the Notes may not develop*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of Notes. There is no assurance as to the development or liquidity of any trading market for the Notes. The Issuer is entitled to buy the Notes, which shall then be cancelled or caused to be cancelled, and to issue further Notes. Such transactions may favourably or adversely affect the price development of the Notes. If additional and competing products are introduced in the markets, this may adversely affect the value of the Notes.

*Potential Conflicts of Interest*

All or some of the Joint Lead Managers (and, in particular, BNP Paribas, the parent company of the Issuer) and their affiliates have engaged, and/or may in the future engage, in investment banking, commercial banking and other financial advisory and commercial dealings with the Issuer and its affiliates and in relation to securities issued by any entity of the Group. They have or may (a) engage in investment banking, trading or hedging activities including in activities that may include prime brokerage business, financing transactions or entry into derivative transactions, (b) act as underwriters in connection with offering of shares or other securities issued by any entity of the Group or (c) act as financial advisers to the Issuer or other companies of the Group. In the context of these transactions, some of such Joint Lead Managers have or may hold shares or other securities issued by entities of the Group. Where applicable, they have or will receive customary fees and commissions for these transactions.

*Modification of the Terms and Conditions of the Notes*

Noteholders will be grouped automatically for the defence of their common interests in a Masse, as defined in Condition 11.1 (*The Masse*) of the Terms and Conditions of the Notes, and a general meeting of Noteholders can be held. The Terms and Conditions of the Notes permit in certain cases defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant general meeting and Noteholders who voted in a manner contrary to the majority.

The general meeting of Noteholders may, subject to Condition 11.6 (*General Meetings*) of the Terms and Conditions of the Notes, deliberate on any proposal relating to the modification of the Terms and Conditions of the Notes, notably on any proposal, whether for arbitration or settlement, relating to rights in controversy or which were subject of judicial decisions.

#### *Change of law*

The Terms and Conditions of the Notes are based on French law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial or administrative decision or change in French law or the official application or interpretation of French law after the date of this Prospectus.

#### *Taxation*

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the jurisdiction where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Notes. Potential investors are advised not to rely upon the tax description contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, disposal and redemption of the Notes. Only this adviser is in a position to duly consider the specific situation of each potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

A Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes.

#### *Proposed financial transaction tax (FTT)*

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (the **Participating Member States**). In March 2016, Estonia indicated its withdrawal from the enhanced cooperation.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes provided that at least one party to the transaction is established or deemed established in a Participating Member State and that there is a financial institution established or deemed established in a Participating Member State which is party to the transaction, acting either for its own account or for the account of another person, or acting in the name of a party to the transaction. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the Commission's Proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective investors should consult their own tax advisers in relation to the consequences of the FTT associated with purchasing and disposing of the Notes.

### *French Insolvency Law*

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

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme (such as a euro medium term notes programme) and regardless of their governing law.

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

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

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

The procedures, as described above or as they will or may be amended, could have an adverse impact on Noteholders seeking repayment in the event that the Issuer were to become insolvent or otherwise subject to any of the foregoing procedures.

For the avoidance of doubt, the provisions relating to the representation of the Noteholders described in the Terms and Conditions of the Notes set out in this Prospectus will not be applicable with respect to the Assembly to the extent they conflict with compulsory insolvency law provisions that apply in these circumstances.

### *Legal investment considerations may restrict certain investments*

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Notes are legal investments for it, (b) Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## 2.2 Risks relating to the structure of the Notes

*The Notes are subordinated obligations of the Issuer the status of which may change as follows during the life of the Notes*

- (a) For so long as any Existing Ordinarily Subordinated Obligations is outstanding, the obligations of the Issuer under the Notes in respect of principal and interest (including any outstanding Arrears of Interest) constitute direct, unconditional, unsecured Ordinarily Subordinated Obligations and rank and will rank *pari passu* with other Ordinarily Subordinated Obligations. Subject to applicable law, in the event of the voluntary or judicial liquidation (*liquidation amiable* or *liquidation judiciaire*) of the Issuer, bankruptcy proceedings or any other similar proceedings affecting the Issuer or if the Issuer is liquidated for any other reason, the rights of the Noteholders to payment under the Notes rank:
  - (i) subordinated to the full payment of the unsubordinated creditors (including depositors and creditors whose claims arise under contracts entered into for the purposes of any liquidation);
  - (ii) *pari passu* with any other Ordinary Subordinated Obligations; and
  - (iii) prior to any *prêts participatifs* granted to the Issuer and Deeply Subordinated Obligations and any payments to holders of Equity Securities.
- (b) Upon redemption or repurchase and cancellation of all of the Existing Ordinarily Subordinated Obligations, the principal and interests (including any outstanding Arrears of Interest) on the Notes constitute direct, unconditional, unsecured Senior Subordinated Obligations and the Notes rank and will rank *pari passu* without any preference among themselves and *pari passu* with other Senior Subordinated Obligations. Subject to applicable law, in the event of the voluntary or judicial liquidation (*liquidation amiable* or *liquidation judiciaire*) of the Issuer, bankruptcy proceedings or any other similar proceedings affecting the Issuer or if the Issuer is liquidated for any other reason, the rights of Noteholders to payment under the Notes rank:
  - (i) subordinated to the full payment of the unsubordinated creditors (including depositors and creditors whose claims arise under contracts entered into for the purposes of any liquidation);
  - (ii) *pari passu* with any other existing or future Senior Subordinated Obligations; and
  - (iii) prior to any Ordinarily Subordinated Obligations, *prêts participatifs* granted to the Issuer, any Deeply Subordinated Obligations and any payments to holders of Equity Securities.

Thus, the Noteholders face a higher performance risk than holders of unsubordinated obligations of the Issuer.

### *Deferral of redemption and purchase*

The Issuer may be required to defer any redemption or purchase of the Notes described in Conditions 6.1, 6.2, 6.3, 6.4, 6.5 and 6.6 if, on the due date for such redemption or purchase, the Conditions to Redemption and Purchase are not satisfied, namely that (i) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were redeemed or purchased or (ii) an Insolvent Insurance Affiliate Winding-up has occurred and is continuing (all as defined and further described in the Terms and Conditions of the Notes).

If redemption or purchase of the Notes is deferred, the Notes will become due for redemption or purchase only upon satisfaction of the Conditions to Redemption and Purchase as described in Condition 6.7.

#### *Restrictions on interest payment*

On any Mandatory Interest Deferral Date (as defined in the Terms and Conditions of the Notes), the Issuer will be obliged to defer payment of all (but not some only) of the interest accrued (and, if relevant, any Arrears of Interest thereon) to that date (and any such failure to pay shall not constitute a default by the Issuer for any purpose), provided however that if (to the extent the Relevant Supervisory Authority can give such consent in accordance with the Solvency II Regulations), the Relevant Supervisory Authority accepts that interest accrued (and, if relevant, any Arrears of Interest thereon) in respect of the Notes during such Interest Period can be paid, the relevant Interest Payment Date will not be a Mandatory Interest Deferral Date.

Any interest not paid on a Mandatory Interest Deferral Date and deferred shall so long as it remains outstanding constitute Arrears of Interest. Arrears of Interest will not themselves bear interest.

Any deferral of interest payments will be likely to have an adverse effect on the market price of the Notes. In addition, as a result of the above provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to the above provisions and may be more sensitive generally to adverse changes in the Issuer's financial condition.

#### *Early redemption risk*

Subject to the Prior Approval of the Relevant Supervisory Authority, the Issuer may, at its option, redeem the Notes at any time for Tax Reasons, for Regulatory Reasons, for Accounting Reasons or if the conditions for a Clean-Up Call are satisfied, all as set out in "*Terms and Conditions of the Notes — Redemption and Purchase*".

Such redemption options will be made at the Base Call Price (as defined in the Terms and Conditions of the Notes) and will be exercised at the principal amount of the Notes together with interest accrued to the date of redemption (including, for the avoidance of doubt, any Arrears of Interest thereon at such date).

The redemption at the option of the Issuer may affect the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed.

#### *The Issuer is not required to redeem the Notes in the case of a gross-up event*

There is uncertainty as to whether gross-up obligations in general, including those under the Terms and Conditions of the Notes, are enforceable under French law. If any obligations to pay Additional Amounts under Condition 6.2(c) are held to be illegal or unenforceable under French law, the Issuer will have the right, but not the obligation, to redeem all (but not some only) the Notes. Accordingly, if the Issuer does not redeem the Notes upon the occurrence of a gross-up event as described in Condition 10, Noteholders may receive less than the full amount due under the Notes, and the market value of the Notes will be adversely affected.

#### *There are no events of default under the Notes*

The Terms and Conditions of the Notes do not provide for events of default allowing acceleration of the Notes if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the

Notes, including the payment of any interest, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest on the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

*No limitation on issuing or guaranteeing debt ranking senior or "pari passu" with the Notes and no negative pledge*

There is no restriction on the amount of debt which the Issuer may issue or guarantee. The Issuer and its subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank *pari passu* or senior to the obligations under and in connection with the Notes. If the Issuer's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including deferral of interest and, if the Issuer were liquidated (whether voluntarily or not), the Noteholders could suffer loss of their entire investment.

In addition, the Notes do not contain any 'negative pledge' or similar clause, meaning that the Issuer and its subsidiaries and affiliate may pledge its or their assets to secure other obligations without granting similar security in respect of the Notes.

## GENERAL DESCRIPTION OF THE NOTES

*This overview is a general description of the Notes and is qualified in its entirety by the remainder of this Prospectus. For the avoidance of doubt, it does not, and is not intended to, constitute a summary of this Prospectus within the meaning of Article 5.2 of the Prospectus Directive or any implementing regulation thereof. For a more complete description of the Notes, including definitions of capitalised terms used but not defined in this section, please see "Terms and Conditions of the Notes".*

<b>Issuer:</b>	BNP Paribas Cardif
<b>Description:</b>	€750,000,000 1.00 per cent. Tier 3 notes due 29 November 2024 (the <b>Notes</b> )
<b>Structuring Advisor and Global Coordinator:</b>	BNP Paribas
<b>Joint Lead Managers:</b>	Banca IMI S.p.A. Banco Santander, S.A. BNP Paribas ING Bank N.V. Belgian Branch UniCredit Bank AG
<b>Fiscal Agent and Paying Agent:</b>	BNP Paribas Securities Services
<b>Aggregate Principal Amount:</b>	€750,000,000
<b>Denomination:</b>	€100,000 per Note
	<b>Principal Amount</b> means €100,000, being the principal amount of each Note on the Issue Date
<b>Issue Date:</b>	29 November 2017
<b>Issue Price:</b>	99.203 per cent.
<b>Maturity:</b>	Unless previously redeemed or purchased and cancelled, the Notes will be redeemed on the Interest Payment Date falling on or about 29 November 2024 (the <b>Scheduled Maturity Date</b> ) (subject, in particular, to the Prior Approval of the Relevant Supervisory Authority). In addition, the Issuer may (subject, in particular, to the Prior Approval of the Relevant Supervisory Authority) redeem the Notes at any time for Tax Reasons, for Regulatory Reasons, for Accounting Reasons or if the conditions for a Clean-Up Call are satisfied, all as set out in "Terms and Conditions of the Notes - Redemption and Purchase".

Where:

**Prior Approval of the Relevant Supervisory Authority** means the prior written approval of the Relevant Supervisory Authority, if such approval is required at the time under any Solvency II Regulations.

**Relevant Supervisory Authority** means any relevant regulator having



jurisdiction over the Issuer, in the event that the Issuer is required to comply with certain applicable solvency margins, capital adequacy regulations, capital requirements or any other regulatory capital rules. The current Relevant Supervisory Authority is the *Autorité de contrôle prudentiel et de résolution* (**ACPR**).

**Solvency II Directive** means Directive 2009/138/EC of the European Union of November 25, 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) and which has been transposed under French law by the ordinance (*ordonnance*) no. 2015-378 dated 2 April 2015 completed by the decree (*décret*) no. 2015-513 dated 7 May 2015 and the order (*arrêté*) of the same date (or, if the Issuer becomes domiciled in a jurisdiction other than France, which has been or must be transposed under the law of its jurisdiction by the relevant member state of the European Economic Area pursuant to Article 309 of Directive 2009/138/EC (as amended or, as the case may be, supplemented)).

**Solvency II Regulations** means the solvency margin, capital adequacy regulations, capital requirements or any other regulatory capital rules which are applicable in France (or if the Issuer becomes domiciled in a jurisdiction other than France, such other jurisdiction), including the Solvency II Directive (and any laws or regulations implementing the Solvency II Directive, including by the French ordinance (*ordonnance*) no. 2015-378 dated 2 April 2015 completed by the decree (*décret*) no. 2015-513 dated 7 May 2015 and the order (*arrêté*) of the same date), as applied and construed by the Relevant Supervisory Authority or an official application or interpretation of those regulations including a decision of a court or tribunal and applicable to the Issuer and its Group, which would lay down the requirements to be fulfilled by financial instruments for inclusion into their own funds regulatory capital (or whatever the terminology that may be retained).

**Form:**

The Notes are issued in dematerialised bearer form (*au porteur*) and will at all times be evidenced in book-entry form (*inscription en compte*) in the books of the Account Holders (as defined below). No physical documents of title (including *certificats représentatifs*) will be issued in respect of the Notes. The Notes will, upon issue, be inscribed in the books of Euroclear France which shall credit the accounts of the Account Holders.

Title to the Notes shall be evidenced by entries in the books of the Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books, and only in the denomination of €100,000. All sums due in respect of the Notes shall be paid by the Fiscal Agent on behalf of the Issuer to the Account Holders for the account of the relevant Noteholders.

Where: **Account Holder** means any financial intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes Euroclear Bank S.A./N.V. (**Euroclear**) and the depositary bank for Clearstream Banking, S.A. (**Clearstream**).

**Status of the Notes:**

The Notes are subordinated obligations of the Issuer the status of which may change as follows during the life of the Notes:

- (a) For so long as any Existing Ordinarily Subordinated Obligations is

outstanding, the principal and interest (including any outstanding Arrears of Interest) on the Notes constitute direct, unconditional, unsecured Ordinarily Subordinated Obligations and rank and will rank *pari passu* with other Ordinarily Subordinated Obligations. Subject to applicable law, in the event of the voluntary or judicial liquidation (*liquidation amiable* or *liquidation judiciaire*) of the Issuer, bankruptcy proceedings or any other similar proceedings affecting the Issuer or if the Issuer is liquidated for any other reason, the rights of the Noteholders to payment under the Notes rank:

- (i) subordinated to the full payment of the unsubordinated creditors (including depositors and creditors whose claims arise under contracts entered into for the purposes of any liquidation);
  - (ii) *pari passu* with any other Ordinarily Subordinated Obligations; and
  - (iii) prior to any *prêts participatifs* granted to the Issuer and Deeply Subordinated Obligations and any payments to holders of Equity Securities.
- (b) Upon redemption or repurchase and cancellation of all of the Existing Ordinarily Subordinated Obligations, the principal and interests (including any outstanding Arrears of Interest) on the Notes constitute direct, unconditional, unsecured Senior Subordinated Obligations and the Notes rank and will rank *pari passu* without any preference among themselves and *pari passu* with other Senior Subordinated Obligations. Subject to applicable law, in the event of the voluntary or judicial liquidation (*liquidation amiable* or *liquidation judiciaire*) of the Issuer, bankruptcy proceedings or any other similar proceedings affecting the Issuer or if the Issuer is liquidated for any other reason, the rights of Noteholders to payment under the Notes rank:
- (i) subordinated to the full payment of the unsubordinated creditors (including depositors and creditors whose claims arise under contracts entered into for the purposes of any liquidation);
  - (ii) *pari passu* with any other existing or future Senior Subordinated Obligations; and
  - (iii) prior to any Ordinarily Subordinated Obligations, *prêts participatifs* granted to the Issuer, any Deeply Subordinated Obligations and any payments to holders of Equity Securities.

Where:

**Deeply Subordinated Obligations** means any lowest ranking subordinated obligations (*obligations subordonnées de dernier rang*) or other instruments issued by the Issuer which rank, or are expressed to rank, *pari passu* among themselves (where applicable) and junior to the Senior Subordinated Obligations, Ordinarily Subordinated Obligations and any *prêts participatifs* granted to the Issuer.

**Equity Securities** means (a) the ordinary shares (*actions ordinaires*) of the Issuer and (b) any other class of the Issuer's share capital (including preference

shares (*actions de préférence*) as the case may be).

**Existing Ordinarily Subordinated Obligations** means the liabilities listed below provided that if any such liability would allow (as a result of an amendment or otherwise) the Issuer to undertake any subordinated liability ranking senior to such given liabilities, then such liability would, from the effective date of such amendment, be deemed to no longer constitute an Existing Ordinarily Subordinated Obligations:

- the Issuer's EUR 1,000,000,000 notes issued on 25 November 2014 (ISIN: FR0012329845);
- the Issuer's EUR 277,000,000 *Obligations Subordonnées à Durée Déterminée* issued on 17 December 2012;
- the Issuer's EUR 760,000,000 floating rate subordinated notes issued on 26 September 2017 (ISIN: FR0013284486); and
- the Issuer's EUR 710,000,000 floating rate subordinated notes issued on 29 September 2017 (ISIN: FR0013285418).

**Obligations** means any payment obligation expressed to be assumed by or imposed on, the Issuer under or arising as a result of any contract, agreement, document, instrument (including any bonds or notes) or conduct or relationship or by operation of law.

**Ordinarily Subordinated Obligations** means any Obligations which constitute direct, unsecured and subordinated obligations of the Issuer and which rank and will at all times rank (i) equally and rateably with any other existing or future Ordinarily Subordinated Obligations, (ii) in priority to present and future Equity Securities, Deeply Subordinated Obligations, *prêts participatifs* granted to the Issuer, and (iii) behind subordinated Obligations expressed to rank senior to Ordinarily Subordinated Obligations (including any Senior Subordinated Obligations) if any, and behind unsubordinated Obligations.

**Senior Subordinated Obligations** means any Obligations (including any bonds or notes) which constitute direct, unsecured and subordinated obligations of the Issuer and which rank and will at all times rank (i) equally and rateably with any other existing or future Senior Subordinated Obligations, (ii) in priority to present and future Equity Securities, Deeply Subordinated Obligations, Ordinarily Subordinated Obligations, *prêts participatifs* granted to the Issuer, and (iii) behind subordinated obligations expressed to rank senior to Senior Subordinated Obligations (if any), and behind unsubordinated obligations.

**Negative Pledge:**

None

**Enforcement events:**

There will be no events of default in respect of the Notes. However, each Note shall become immediately due and payable at its Principal Amount, together with accrued interest thereon, if any, to the date of payment and any Arrears of Interest, in the event that an order is made or an effective resolution is passed for the liquidation (*liquidation amiable* or *liquidation judiciaire*) or the Issuer is liquidated for any other reason, in accordance with the provisions relating to the Status of the Notes, or the sale of the whole business (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure of the Issuer.

**Rate of Interest:**

Subject to Condition 4.3 of the Terms and Conditions of the Notes (*Mandatory Interest Deferral*), the Notes bear interest on their Principal Amount at a fixed rate of 1.00 per cent. *per annum* (the **Interest Rate**), payable annually in arrear on 29 November in each year (each, an **Interest Payment Date**), commencing on 29 November 2018, provided, however, that if any Interest Payment Date would otherwise fall on a date which is not a Business Day, it will be postponed to the next Business Day unless it would thereby fall into the next calendar month, in which case it will be brought forward to the preceding Business Day.

The Notes will cease to bear interest from and including the due date for redemption unless payment of the principal in respect of the Notes is improperly withheld or refused on such date or unless default is otherwise made in respect of the payment. In such event, the Notes will continue to bear interest at the relevant Interest Rate on their remaining unpaid amount until the day on which all sums due in respect of the Notes up to (but excluding) that day are received by or on behalf of the relevant Noteholder.

The amount of interest (the **Interest Amount**) for each Interest Period will be € 1,000 per Principal Amount.

On each Interest Payment Date, the Issuer shall pay interest on the Notes accrued to that date in respect of the Interest Period ending immediately prior to such Interest Payment Date, subject to Condition 4.3 of the Terms and Conditions of the Notes (*Mandatory Interest Deferral*).

Where:

**Business Day** means a day (other than a Saturday or a Sunday) on which commercial banks are open for business (other than solely for trading and settlement in euros) in Paris and a TARGET 2 Settlement Day.

**Interest Payment Date** means 29 November in each year from and including 29 November 2018 to, and including, the Redemption Date.

**Interest Period** means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

**Redemption Date** means the effective date of redemption of the Notes and any accrued and unpaid interest (including any Arrears of Interest).

**Mandatory Interest Deferral:**

On any Mandatory Interest Deferral Date, the Issuer will be obliged to defer payment of all (but not some only) the interest accrued (and, if relevant, any Arrears of Interest) in respect of the Notes during the relevant Interest Period and any such failure to pay shall not constitute a default by the Issuer for any purpose.

Any interest in respect of the Notes which has not been paid on a Mandatory Interest Deferral Date will be deferred and shall constitute **Arrears of Interest** and shall be payable as outlined below.

All Arrears of Interest may, subject to the fulfilment of the Conditions to

Settlement, at the option of the Issuer, be paid in whole or in part at any time but all Arrears of Interest in respect of all Notes for the time being outstanding shall become due in full on whichever is the earliest of:

- (i) the next Interest Payment Date which is not a Mandatory Interest Deferral Date; or
- (ii) the date of any redemption of the Notes in accordance with the provisions relating to redemption of the Notes; or
- (iii) the date upon which a judgment is made for the voluntary or judicial liquidation (*liquidation amiable* or *liquidation judiciaire*) of the Issuer or the Issuer is liquidated for any other reason or the sale of the whole of the business (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure of the Issuer.

Arrears of Interest shall not themselves bear interest.

**Conditions to Settlement** are satisfied on any day with respect to any payment of Arrears of Interest, if any, if such day would not be a Mandatory Interest Deferral Date if such day was an Interest Payment Date.

If amounts in respect of Arrears of Interest become partially payable:

- (i) Arrears of Interest accrued for any period shall not be payable until full payment has been made of all Arrears of Interest that have accrued during any earlier Interest Period and the order of payment shall follow that of the Arrears of Interest to which they relate; and
- (ii) the amount of Arrears of Interest payable in respect of any Note in respect of any period, shall be pro rata to the total amount of all unpaid Arrears of Interest accrued in respect of that period to the date of payment.

For the purpose hereof:

**Mandatory Interest Deferral Date** means each Interest Payment Date in respect of which the Fiscal Agent has received written notice from the Issuer confirming that a Regulatory Deficiency Interest Deferral Event has occurred and such Regulatory Deficiency Interest Deferral Event is continuing on such Interest Payment Date, or such interest payment (and, if relevant, any Arrears of Interest) would itself cause a Regulatory Deficiency Interest Deferral Event.

**Minimum Capital Requirement** has the meaning ascribed to it in the Solvency II Directive.

**Regulatory Deficiency Interest Deferral Event** means any event including, without limitation, any event which causes the Issuer and/or the Group's Minimum Capital Requirement (or whatever the terminology employed by the Solvency II Regulations) to be breached and such breach is an event which under the Solvency II Regulations requires the Issuer to defer payment of interest (or, if applicable, Arrears of Interest thereon) in respect of the Notes (on the basis that the Notes qualify (or are intended to qualify) as "tier three" own funds regulatory capital (or whatever terminology is employed by the Solvency II Regulations) under the Solvency II Regulations).

**Taxation:**

All payments in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any jurisdiction or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.

If French law should require that payments of principal or interest made by the Issuer in respect of any Note be subject to withholding or deduction in respect of any present or future taxes, duties, assessments or governmental charges of whatever nature, the Issuer, will, to the fullest extent then permitted by law, pay such additional amounts (**Additional Amounts**) as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with France other than the mere holding of the Note.

**Redemption at maturity:**

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their Principal Amount, together with accrued interest thereon, if any, and any Arrears of Interest, on the Scheduled Maturity Date (subject, in particular, to the prior approval of the Relevant Supervisory Authority).

**Redemption for Tax Reasons:**

- (i) If by reason of any change in, or amendments to, the laws or regulations of France or any political subdivision or any authority thereof or therein having power to tax, or any change in the official application or interpretation of such laws or regulations, in each case becoming effective on or after the Issue Date, the tax regime of any payments under the Notes is modified and such modification results in the part of the interest payable by the Issuer in respect of the Notes that is tax-deductible being reduced, the Issuer may, at its option, at any time, elect to redeem all, but not part only, of the Notes then outstanding at the Base Call Price, provided that the effective date of any redemption of which an election hereunder may be given by the Issuer shall be no earlier than the latest practicable date preceding the effective date on which the tax regime of interest payments under the Notes is modified.
- (ii) If by reason of any change in, or amendments to, the laws or regulations of France or any political subdivision or any authority thereof or therein having power to tax, or any change in the official application or interpretation of such laws or regulations, in each case becoming effective on or after the Issue Date, the Issuer would on the occasion of the next payment due under the Notes, not be able to make such payment without having to pay Additional Amounts the Issuer may, at any time, redeem all, but not some only, of the Notes then outstanding at their Base Call Price, provided that the effective date of redemption of which an election hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without having to pay Additional Amounts or, if such date has passed, as soon as practicable thereafter.
- (iii) If the Issuer would on the next payment due under the Notes be prevented

by French law or regulation from making payment to the Noteholders of the full amount then due and payable (including any Additional Amounts) which would be payable but for the operation of such French law), then the Issuer may forthwith give notice of such fact to the Fiscal Agent and the Issuer may redeem all, but not some only, of the Notes then outstanding at their Base Call Price on the effective date of any such law or regulation or within sixty (60) calendar days following the effective date of any such law or regulation.

In each case subject to Condition 6.7 of the Terms and Conditions of the Notes (*Conditions to Redemption and Purchase*).

Where:

**Base Call Price** equals to the Principal Amount of the Notes and any accrued and unpaid interest and any Arrears of Interest up to their Redemption Date.

**Redemption for  
Regulatory Reasons**

If at any time the Issuer determines that a Capital Disqualification Event has occurred with respect to the Notes on or after the Issue Date, the Notes may be redeemed in whole but not in part at the option of the Issuer, at any time, subject to Condition 6.7 of the Terms and Conditions of the Notes (*Conditions to Redemption and Purchase*), at the Base Call Price, provided that the due date for redemption shall be no earlier than the last day falling on or after the date on which the proceeds of the Notes can no longer be included at least in the tier three own funds regulatory capital.

Where:

**Capital Disqualification Event** means that, at any time whilst the Notes are outstanding, (i) the Issuer is subject to regulatory supervision by the Relevant Supervisory Authority, and (ii) the Issuer is no longer permitted to treat the entire proceeds of the Notes as eligible (x) for the purpose of the determination of its solvency margin or capital adequacy levels under the Solvency II Regulations or (y) as at least tier three own funds regulatory capital (or whatever the terminology employed by the Solvency II Regulations) for the purposes of the determination of its regulatory capital under the Solvency II Regulations, except, in each case, as a result of the application of the limits on inclusion (on a solo or group-level basis) of such liabilities in, respectively, its solvency margin or own funds regulatory capital, as the case may be.

**Redemption for  
Accounting Reasons**

If the Issuer determines at any date after the Issue Date that an Accounting Event has occurred with respect to the Notes, the Issuer may elect, at any time, subject to Condition 6.7 of the Terms and Conditions of the Notes (*Conditions to Redemption and Purchase*), to redeem all, but not some only, of the Notes at the Base Call Price, provided that the due date for redemption of which notice may be given hereunder shall be no earlier than the last day prior to the date on which the proceeds of the Notes must not, or must no longer, be recorded as “liabilities” pursuant to IFRS or any other accounting standards that may replace IFRS for the purposes of the annual consolidated financial statements of the Issuer.

Where:

**Accounting Event** means that an opinion of a recognised accountancy firm of international standing has been delivered to the Issuer and the Fiscal Agent,

confirming that the funds raised through the issue of the Notes must not, or must no longer, be recorded as “liabilities” pursuant to IFRS, or any other accounting standards that may replace the IFRS, for the purposes of the consolidated financial statements of the Issuer.

**IFRS** means the International Financial Reporting Standards (or any successor thereto) as applicable at the relevant dates and for the relevant periods.

**Clean-Up Redemption**

The Issuer may elect to redeem all, but not some only, of the Notes at any time after the Issue Date at their Base Call Price if 80% (eighty per cent.) or more in Aggregate Principal Amount of the Notes issued on the Issue Date has been purchased and cancelled at the time of such election.

**Conditions to Redemption and Purchase:**

Any redemption or purchase of the Notes in accordance with Conditions 6.1 to 6.6 (*Redemption at Maturity - Redemption for Tax Reasons - Redemption for Regulatory Reasons - Redemption for Accounting Reasons – Clean-Up Redemption - Purchases*) of the Terms and Conditions of the Notes shall be subject to:

- (a) the Prior Approval of the Relevant Supervisory Authority;
- (b) (x) no Regulatory Deficiency Redemption Deferral Event having occurred and be continuing on the due date for redemption or (y) such redemption not itself causing a Regulatory Deficiency Redemption Deferral Event, except if (a) the Relevant Supervisory Authority has exceptionally waived the suspension of redemption, (b) the Notes have been exchanged for or converted into another basic own-fund item of at least the same quality and (c) the Minimum Capital Requirement is complied with after the redemption; and
- (c) no Insolvent Insurance Affiliate Winding-up having occurred and be continuing on the due date for redemption or purchase (to the extent required under the Solvency II Regulations in order for the Notes to be treated under the Solvency II Regulations as at least “tier three” own funds regulatory capital (or whatever the terminology employed by the Solvency II Regulations) of the Issuer and/or the Group). Notwithstanding that an Insolvent Insurance Affiliate Winding-up may have occurred and be continuing on the date due for redemption or purchase, the Notes may still be redeemed or purchased on such date to the extent permitted under, and in accordance with, the Solvency II Regulations and provided that, on or prior to such date, the Prior Approval of the Relevant Supervisory Authority has been exceptionally given with respect to the relevant redemption or purchase of the Notes.

Should a Regulatory Deficiency Redemption Deferral Event or an Insolvent Insurance Affiliate Winding-up occur after a notice for redemption has been given to the Noteholders, such redemption notice shall become automatically void and notice of such fact shall be given promptly by the Issuer.

In addition, unless otherwise permitted or provided for by the Solvency II Regulations, the Notes may not be redeemed or purchased pursuant to Condition



6.2, 6.3, 6.4, 6.5 or 6.6 of the Terms and Conditions of the Notes, prior to the fifth (5<sup>th</sup>) anniversary of the Issue Date, unless the redemption has been funded out of the proceeds of a new basic own-funds item of the same or higher quality as the Notes.

Any redemption or purchase shall be notified by the Issuer having given not more than sixty (60) nor less than thirty (30) calendar days' prior notice to the Noteholders in accordance with Condition 8 of the Terms and Conditions of the Notes (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption).

Where:

**Insolvent Insurance Affiliate Winding-up** means:

- (i) the winding-up of any Insurance Undertaking within the Group; or
- (ii) the appointment of an administrator of any Insurance Undertaking within the Group,

in each case, where the Issuer has determined, acting reasonably and in consultation with the Relevant Supervisory Authority, that the assets of that Insurance Undertaking within the Group may or will not be sufficient to meet all claims of the policyholders pursuant to a contract of insurance or re-insurance of that Insurance Undertaking which is subject to a winding-up or administration process (and for these purposes, the claims of policyholders pursuant to a contract of insurance shall include all amounts to which policyholders are entitled under applicable legislation or rules relating to the winding-up of Insurance Undertakings that reflect any right to receive or expectation of receiving benefits which policyholders may have)

**Regulatory Deficiency Redemption Deferral Event** means the own funds regulatory capital (or whatever the terminology employed by Solvency II Regulations) of the Issuer and/or the Group is not sufficient to cover its Solvency Capital Requirement or Minimum Capital Requirement (or whatever the terminology employed by Solvency II Regulations) whichever occurs earlier, and a redemption or repayment of principal is prohibited under Solvency II Regulations in order for the Notes to qualify as at least "tier three" own funds regulatory capital (or whatever terminology is employed by Solvency II Regulations) under the Solvency II Regulations.

**Solvency Capital Requirement** has the meaning ascribed to it in the Solvency II Directive.

**Purchase:**

Subject to Condition 6.7 of the Terms and Conditions of the Notes (*Conditions to Redemption and Purchase*), the Issuer or any subsidiary of the Issuer may at any time purchase Notes at any price in the open market or otherwise. All Notes so purchased by the Issuer shall be cancelled in accordance with Article L.228-74 of the French *Code de commerce*.

Any Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

<b>Representation of Noteholders:</b>	<p>The Noteholders will be grouped automatically for the defence of their respective common interests in a <i>masse</i> (hereinafter referred to as the <b>Masse</b>) governed by the provisions of articles L.228-46 <i>et seq.</i> of the French <i>Code de commerce</i> with the exception of Articles L.228-48, L.228-59, L.228-65 II., R.228-61, R.228-63, R.228-67, and R.228-69, R.228-79 and R.236-11 of the French <i>Code de commerce</i> and as supplemented by the Condition 11 of the Terms and Conditions of the Notes.</p> <p>The Masse will be a separate legal entity, and will be acting in part through one (1) representative (the <b>Representative</b>) and in part through collective decisions of the Noteholders (the <b>Collective Decisions</b>).</p>
<b>Admission to trading:</b>	Application has been made to the Luxembourg Stock Exchange for the Notes to be listed and admitted to trading on the Euro MTF.
<b>Rating:</b>	The Notes are expected to be rated BBB by S&P Global Ratings ( <b>S&amp;P</b> ).
<b>Clearing:</b>	The Notes have been accepted for clearance through Euroclear France, Clearstream Banking, S.A. and Euroclear Bank S.A./N.V..
<b>Selling Restrictions:</b>	There are restrictions on the offer and sale of the Notes and the distribution of offering material, including in the United States of America, the United Kingdom and France.
<b>Governing Law and Jurisdiction:</b>	French law. Exclusive jurisdiction of the competent courts in Paris.

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents which have been previously published or are published simultaneously with the Prospectus and that have been filed with the Luxembourg Stock Exchange and shall be incorporated by reference in, and form part of, this Prospectus (together, the **Documents Incorporated by Reference**):

- (a) the Issuer's audited consolidated financial statements for the year ended 31 December 2016, in the French language (the **2016 Consolidated Financial Statements**);
- (b) the report of the auditors on the audited consolidated financial statements for the year ended 31 December 2016 (the **auditors' report on the 2016 Consolidated Financial Statements**), in the French language;
- (c) the Issuer's audited consolidated financial statements for the year ended 31 December 2015, in the French language (the **2015 Consolidated Financial Statements**);
- (d) the report of the auditors on the audited consolidated financial statements for the year ended 31 December 2015 (the **auditors' report on the 2015 Consolidated Financial Statements**), in the French language;
- (e) the Issuer's audited unconsolidated financial statements for the year ended 31 December 2016, in the French language (the **2016 Unconsolidated Financial Statements**); and
- (f) the report of the auditors on the audited unconsolidated financial statements for the year ended 31 December 2016 (the **auditors' report on the 2016 Unconsolidated Financial Statements**), in the French language.

All Documents Incorporated by Reference are available on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and on the website of the Issuer ([www.bnpparibascardif.com](http://www.bnpparibascardif.com)). The Documents Incorporated by Reference will also be available, upon request, free of charge to the public at the premises of the Fiscal Agent and of the Issuer at the addresses specified on the last page of the Prospectus, during normal business hours.

A free English translation of the 2016 Consolidated Financial Statements, the auditors' report on the 2016 Consolidated Financial Statements, the 2015 Consolidated Financial Statements and the auditors' report on the 2015 Consolidated Financial Statements are available on the website of the Issuer ([www.bnpparibascardif.com](http://www.bnpparibascardif.com)). These documents are free translations of the corresponding French language documents and are furnished for information purposes only and are not incorporated by reference in this Prospectus. The only binding versions are the French language versions.

Any statement contained in the Documents Incorporated by Reference shall be deemed to be modified or superseded for the purpose of this Prospectus, to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

## CROSS-REFERENCE TABLE OF DOCUMENTS INCORPORATED BY REFERENCE

	Pages references		
	<b>2016 Consolidated Financial Statements</b>	<b>2015 Consolidated Financial Statements</b>	<b>2016 Unconsolidated Financial Statements</b>
<b>Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses</b>			
Balance sheet	p. 4 and 5	p. 2 and 3	p. 4 and 5
Income statement	p. 6	p. 4	p. 6
Accounting policies and Explanatory notes	p. 7 to 35	p. 5 to 31	p. 7 to 22

## TERMS AND CONDITIONS OF THE NOTES

*The terms and conditions of the Notes (each a **Condition**, and together the **Conditions**) will be as follows:*

The issue of the €750,000,000 1.00 per cent. Tier 3 notes due 29 November 2024 (the **Notes**) issued by BNP Paribas Cardif, a *société anonyme* incorporated under the laws of the Republic of France with registered office at 1, boulevard Haussmann, 75009 Paris, France, registered with the Paris Commercial and Corporate Registry (*Registre du commerce et des sociétés de Paris*) under number 382 983 922, (the **Issuer**), was decided by Mr. Renaud Dumora, Chief Executive Officer (*Directeur Général*) of the Issuer on 23 November 2017 acting pursuant to a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer adopted on 28 September 2017. A fiscal and paying agency agreement dated as of 27 November 2017 (the **Agency Agreement**) has been entered into in relation to the Notes between the Issuer and BNP Paribas Securities Services, as fiscal agent and principal paying agent (together with any substitute fiscal agent, the **Fiscal Agent**). Copies of the Agency Agreement are available for inspection during usual business hours at the specified office of the Fiscal Agent. The provisions of Article 1195 of the French *Code civil* shall not apply to these Conditions.

### 1. DEFINITIONS

#### 1.1 Definitions

For purposes hereof, the following definitions shall apply:

**Account Holder** means any financial intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes Euroclear Bank S.A./N.V. (**Euroclear**) and the depositary bank for Clearstream Banking, S.A. (**Clearstream**).

**Accounting Event** means that an opinion of a recognised accountancy firm of international standing has been delivered to the Issuer and the Fiscal Agent, confirming that the funds raised through the issue of the Notes must not, or must no longer, be recorded as “liabilities” pursuant to IFRS, or any other accounting standards that may replace the IFRS, for the purposes of the consolidated financial statements of the Issuer.

**Actual/Actual (ICMA)** means:

- (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date (**the Accrual Period**) is equal to or shorter than the Interest Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the number of days in such Interest Period; or
- (ii) in the case of Notes where the Accrual Period is longer than the Interest Period during which the Accrual Period ends, the sum of:
  - (a) the number of days in such Accrual Period falling in the Interest Period in which the Accrual Period begins divided by the number of days in such Interest Period; and
  - (b) the number of days in such Accrual Period falling in the next Interest Period divided by the number of days in such Interest Period.

**Additional Amounts** has the meaning set out in Condition 10 (*Taxation*).

**Arrears of Interest** has the meaning ascribed to it in Condition 4.3 (a).

**Base Call Price** equals to the Principal Amount of the Notes and any accrued and unpaid interest and any Arrears of Interest up to their Redemption Date.

**Business Day** means a day (other than a Saturday or a Sunday) on which commercial banks are open for business (other than solely for trading and settlement in euros) in Paris and a TARGET 2 Settlement Day.

**Capital Disqualification Event** means that, at any time whilst the Notes are outstanding, (i) the Issuer is subject to regulatory supervision by the Relevant Supervisory Authority, and (ii) the Issuer is no longer permitted to treat the entire proceeds of the Notes as eligible (x) for the purpose of the determination of its solvency margin or capital adequacy levels under the Solvency II Regulations or (y) as at least tier three own funds regulatory capital (or whatever the terminology employed by the Solvency II Regulations) for the purposes of the determination of its regulatory capital under the Solvency II Regulations, except, in each case, as a result of the application of the limits on inclusion (on a solo or group-level basis) of such liabilities in, respectively, its solvency margin or own funds regulatory capital, as the case may be.

**Conditions to Redemption and Purchase** means the conditions to redemption set out in Condition 6.7 (*Conditions to Redemption and Purchase*).

**Deeply Subordinated Obligations** means any lowest ranking subordinated obligations (*obligations subordonnées de dernier rang*) or other instruments issued by the Issuer which rank, or are expressed to rank, *pari passu* among themselves (where applicable) and junior to the Senior Subordinated Obligations, Ordinarily Subordinated Obligations and any *prêts participatifs* granted to the Issuer.

**Equity Securities** means (a) the ordinary shares (*actions ordinaires*) of the Issuer and (b) any other class of the Issuer's share capital (including preference shares (*actions de préférence*) as the case may be).

**Euro-zone** means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union.

**Existing Ordinarily Subordinated Obligations** means the liabilities listed below provided that if any such liability would allow (as result of an amendment or otherwise) the Issuer to undertake any subordinated liability ranking senior to such given liabilities, then such liability would, from the effective date of such amendment, be deemed to no longer constitute an Existing Ordinarily Subordinated Obligations:

- the Issuer's EUR 1,000,000,000 notes issued on 25 November 2014 (ISIN: FR0012329845);
- the Issuer's EUR 277,000,000 *Obligations Subordonnées à Durée Déterminée* issued on 17 December 2012;
- the Issuer's EUR 760,000,000 floating rate subordinated notes issued on 26 September 2017 (ISIN: FR0013284486); and
- the Issuer's EUR 710,000,000 floating rate subordinated notes issued on 29 September 2017 (ISIN: FR0013285418).

**French GAAP** means the French Generally Accepted Accounting Practice as applicable at the relevant dates and for the relevant periods.

**Group** means BNP Paribas Cardif and its consolidated subsidiaries taken as a whole.

**IFRS** means the International Financial Reporting Standards (or any successor thereto) as applicable at the relevant dates and for the relevant periods.

**Insolvent Insurance Affiliate Winding-up** means:

- (i) the winding-up of any Insurance Undertaking within the Group; or
- (ii) the appointment of an administrator of any Insurance Undertaking within the Group,

in each case, where the Issuer has determined, acting reasonably and in consultation with the Relevant Supervisory Authority, that the assets of that Insurance Undertaking within the Group may or will not be sufficient to meet all claims of the policyholders pursuant to a contract of insurance or re-insurance of that Insurance Undertaking which is subject to a winding-up or administration process (and for these purposes, the claims of policyholders pursuant to a contract of insurance shall include all amounts to which policyholders are entitled under applicable legislation or rules relating to the winding-up of Insurance Undertakings that reflect any right to receive or expectation of receiving benefits which policyholders may have).

**Insurance Undertaking** has the meaning ascribed to it in the Solvency II Directive.

**Interest Amount** has the meaning ascribed to it in Condition 4.1 (b).

**Interest Payment** means in respect of an interest payment on an Interest Payment Date, the amount of interest payable for the relevant Interest Period in accordance with Condition 4 (*Interest*).

**Interest Payment Date** means 29 November in each year from and including 29 November 2018 to, and including, the Redemption Date.

**Interest Period** means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

**Interest Rate** has the meaning ascribed to it in Condition 4.1 (a).

**Issue Date** means 29 November 2017.

**Mandatory Interest Deferral Date** means each Interest Payment Date in respect of which, the Fiscal Agent has received written notice from the Issuer confirming that a Regulatory Deficiency Interest Deferral Event has occurred and such Regulatory Deficiency Interest Deferral Event is continuing on such Interest Payment Date, or such interest payment (and, if relevant, any Arrears of Interest) would itself cause a Regulatory Deficiency Interest Deferral Event.

**Minimum Capital Requirement** has the meaning ascribed to it in the Solvency II Directive.

**Noteholder** means the person whose name appears in the account of the relevant Account Holder as being entitled to such Notes.

**Obligations** means any payment obligation expressed to be assumed by or imposed on, the Issuer under or arising as a result of any contract, agreement, document, instrument (including any bonds or notes) or conduct or relationship or by operation of law.

**Ordinarily Subordinated Obligations** means any Obligations which constitute direct, unsecured and subordinated obligations of the Issuer and which rank and will at all times rank (i) equally and

rateably with any other existing or future Ordinarily Subordinated Obligations, (ii) in priority to present and future Equity Securities, Deeply Subordinated Obligations, *prêts participatifs* granted to the Issuer, and (iii) behind subordinated Obligations expressed to rank senior to Ordinarily Subordinated Obligations (including any Senior Subordinated Obligations) if any, and behind unsubordinated Obligations.

**Principal Amount** means the principal amount of each Note being € 100,000.

**Prior Approval of the Relevant Supervisory Authority** means the prior written approval of the Relevant Supervisory Authority, if such approval is required at the time under any applicable Solvency II Regulations.

**Redemption Date** means the effective date of redemption of the Notes and any accrued and unpaid interest (including any Arrears of Interest).

**Reference Banks** means four major banks in the Euro-zone inter-bank market (excluding for such purposes BNP Paribas and its affiliates).

**Regulatory Deficiency Interest Deferral Event** means any event including, without limitation, any event which causes the Issuer and/or the Group's Minimum Capital Requirement (or whatever the terminology employed by the Solvency II Regulations) to be breached and such breach is an event which under the Solvency II Regulations requires the Issuer to defer payment of interest (or, if applicable, Arrears of Interest thereon) in respect of the Notes (on the basis that the Notes qualify (or are intended to qualify) as "tier three" own funds regulatory capital (or whatever terminology is employed by the Solvency II Regulations) under the Solvency II Regulations).

**Regulatory Deficiency Redemption Deferral Event** means the own funds regulatory capital (or whatever the terminology employed by Solvency II Regulations) of the Issuer and/or the Group is not sufficient to cover its Solvency Capital Requirement or Minimum Capital Requirement (or whatever the terminology employed by Solvency II Regulations) whichever occurs earlier, and a redemption or repayment of principal is prohibited under Solvency II Regulations in order for the Notes to qualify as at least "tier three" own funds regulatory capital (or whatever terminology is employed by Solvency II Regulations) under the Solvency II Regulations.

**Relevant Supervisory Authority** means any relevant regulator having jurisdiction over the Issuer, in the event that the Issuer is required to comply with certain applicable solvency margins, capital adequacy regulations, capital requirements or any other regulatory capital rules. The current Relevant Supervisory Authority is the *Autorité de contrôle prudentiel et de résolution (ACPR)*.

**Scheduled Maturity Date** means the Interest Payment Date falling on or about 29 November 2024, if the Conditions to Redemption and Purchase are satisfied and otherwise as soon thereafter as the Conditions to Redemption and Purchase are satisfied.

**Senior Subordinated Obligations** means any Obligations (including any bonds or notes) which constitute direct, unsecured and subordinated obligations of the Issuer and which rank and will at all times rank (i) equally and rateably with any other existing or future Senior Subordinated Obligations, (ii) in priority to present and future Equity Securities, Deeply Subordinated Obligations, Ordinarily Subordinated Obligations, *prêts participatifs* granted to the Issuer, and (iii) behind subordinated obligations expressed to rank senior to Senior Subordinated Obligations (if any), and behind unsubordinated obligations.

**Solvency Capital Requirement** has the meaning ascribed to it in the Solvency II Directive.



**Solvency II Directive** means Directive 2009/138/EC of the European Union of November 25, 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II), which has been transposed under French law by the ordinance (*ordonnance*) no. 2015-378 dated 2 April 2015 completed by the decree (*décret*) no. 2015-513 dated 7 May 2015 and the order (*arrêté*) of the same date (or, if the Issuer becomes domiciled in a jurisdiction other than France, which has been or must be transposed under the law of its jurisdiction by the relevant member state of the European Economic Area pursuant to Article 309 of Directive 2009/138/EC (as amended or, as the case may be, supplemented)).

**Solvency II Regulations** means the solvency margin, capital adequacy regulations, capital requirements or any other regulatory capital rules which are applicable in France (or if the Issuer becomes domiciled in a jurisdiction other than France, such other jurisdiction), including the Solvency II Directive (and any laws or regulations implementing the Solvency II Directive, including by the French ordinance (*ordonnance*) no. 2015-378 dated 2 April 2015 completed by the decree (*décret*) no. 2015-513 dated 7 May 2015 and the order (*arrêté*) of the same date), as applied and construed by the Relevant Supervisory Authority or an official application or interpretation of those regulations including a decision of a court or tribunal and applicable to the Issuer and its Group, which would lay down the requirements to be fulfilled by financial instruments for inclusion into their own funds regulatory capital (or whatever the terminology that may be retained).

**TARGET 2 Settlement Day** means any day on which TARGET System is operating.

**TARGET System** means the Trans-European Automated Real-time Gross settlement Express Transfer system.

## 2. DENOMINATION, FORM AND TITLE OF THE NOTES

The Notes will be issued on the Issue Date in dematerialised bearer form (*au porteur*) in a denomination of €100,000 per Note. Title to the Notes will be evidenced in accordance with Article L.211-3 *et seq* and R.211-1 *et seq.* of the French *Code monétaire et financier* by book-entries (*inscription en compte*) in the books of Account Holders. No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes. The Notes will, upon issue, be inscribed in the books of Euroclear France, which shall credit the accounts of the Account Holders.

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books, and only in the denomination of €100,000.

## 3. STATUS OF THE NOTES

The Notes are subordinated obligations of the Issuer the status of which may change as follows during the life of the Notes:

- (a) For so long as any Existing Ordinarily Subordinated Obligations is outstanding, the principal and interests (including any outstanding Arrears of Interest ) on the Notes constitute direct, unconditional, unsecured Ordinarily Subordinated Obligations and rank and will rank *pari passu* with other Ordinarily Subordinated Obligations. Subject to applicable law, in the event of the voluntary or judicial liquidation (*liquidation amiable* or *liquidation judiciaire*) of the Issuer, bankruptcy proceedings or any other similar proceedings affecting the Issuer or if the Issuer is liquidated for any other reason, the rights of the Noteholders to payment under the Notes rank:

- (i) subordinated to the full payment of the unsubordinated creditors (including, depositors and creditors whose claims arise under contracts entered into for the purposes of any liquidation);
  - (ii) *pari passu* with any other Ordinarily Subordinated Obligations; and
  - (iii) prior to any *prêts participatifs* granted to the Issuer and Deeply Subordinated Obligations and any payments to holders of Equity Securities.
- (b) Upon redemption or repurchase and cancellation of all of the Existing Ordinarily Subordinated Obligations, the principal and interests (including any outstanding Arrears of Interest) on the Notes constitute direct, unconditional, unsecured Senior Subordinated Obligations and the Notes rank and will rank *pari passu* without any preference among themselves and *pari passu* with other Senior Subordinated Obligations. Subject to applicable law, in the event of the voluntary or judicial liquidation (*liquidation amiable* or *liquidation judiciaire*) of the Issuer, bankruptcy proceedings or any other similar proceedings affecting the Issuer or if the Issuer is liquidated for any other reason, the rights of Noteholders to payment under the Notes rank:
- (i) subordinated to the full payment of the unsubordinated creditors (including depositors and creditors whose claims arise under contracts entered into for the purposes of any liquidation);
  - (ii) *pari passu* with any other existing or future Senior Subordinated Obligations; and
  - (iii) prior to any Ordinarily Subordinated Obligations, *prêts participatifs* granted to the Issuer, any Deeply Subordinated Obligations and any payments to holders of Equity Securities.

The subordination provisions of the Notes are governed by Article L.228-97 of the French *Code de commerce*.

There will be no negative pledge in respect of the Notes.

## 4. INTEREST

### 4.1 General

- (a) Subject to Condition 4.3 (Mandatory *Interest Deferral*), the Notes bear interest on their Principal Amount at a fixed rate of 1.00 per cent. *per annum* (the **Interest Rate**), payable annually in arrear on 29 November in each year (each, an **Interest Payment Date**), commencing on 29 November 2018, provided, however, that if any Interest Payment Date would otherwise fall on a date which is not a Business Day, it will be postponed to the next Business Day unless it would thereby fall into the next calendar month, in which case it will be brought forward to the preceding Business Day.
- (b) The Notes will cease to bear interest from and including the due date for redemption unless payment of the principal in respect of the Notes is improperly withheld or refused on such date or unless default is otherwise made in respect of the payment. In such event, the Notes will continue to bear interest at the relevant Interest Rate on their remaining unpaid amount until the day on which all sums due in respect of the Notes up to (but excluding) that day are received by or on behalf of the relevant Noteholder.

The amount of interest (the **Interest Amount**) for each Interest Period will be € 1,000 per Principal Amount. If interest is required to be calculated for a period of less or more than one year it will be calculated on an Actual/Actual (ICMA) basis, the result being rounded if necessary, to the nearest cent (half a cent being rounded upwards). The Fiscal Agent shall cause the Interest Rate and the Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer as soon as possible after their determination but in no event later than on the fourth Business Day after such determination. Where any Interest Payment Date is subject to adjustment, the Interest Amount and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of an Interest Period.

- (c) On each Interest Payment Date, the Issuer shall pay interest on the Notes accrued to that date in respect of the Interest Period ending immediately prior to such Interest Payment Date, subject to the provisions of the Condition 4.3 (*Mandatory Interest Deferral*) below.

## 4.2 Fiscal Agent

- (a) The Agency Agreement provides that the Issuer may at any time terminate the appointment of the Fiscal Agent and appoint a substitute Fiscal Agent provided that so long as any of the Notes remain outstanding there shall at all times be a Fiscal Agent for the purposes of the Notes having a specified office in a major European city. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Fiscal Agent or failing duly to determine the Interest Rate for any Interest Period, the Issuer shall appoint the European office of another leading bank engaged in the Paris, London or Luxembourg interbank market to act in its place. The Fiscal Agent may not resign its duties or be removed without a successor having been appointed.
- (b) Notifications etc. to be final and binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 (*Interest*) by the Fiscal Agent will (in the absence of default, bad faith or manifest error) be final and binding on the Issuer and all Noteholders and (in the absence of default, bad faith or manifest error) no liability to the Issuer or the Noteholders shall attach to the Fiscal Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 4 (*Interest*).

## 4.3 Mandatory Interest Deferral

- (a) Mandatory Deferral of Interest

On any Mandatory Interest Deferral Date, the Issuer will be obliged to defer payment of all (but not some only) the interest accrued (and, if relevant, any Arrears of Interest) in respect of the Notes during the relevant Interest Period and any such failure to pay shall not constitute a default by the Issuer for any purpose.

Any interest in respect of the Notes which has not been paid on a Mandatory Interest Deferral Date will be deferred and shall constitute **Arrears of Interest** and shall be payable as outlined below.

(b) Arrears of Interest

All Arrears of Interest may, subject to the fulfilment of the Conditions to Settlement, at the option of the Issuer, be paid in whole or in part at any time but all Arrears of Interest in respect of all Notes for the time being outstanding shall become due in full on whichever is the earliest of:

- (i) the next Interest Payment Date which is not a Mandatory Interest Deferral Date; or
- (ii) the date of any redemption of the Notes in accordance with the provisions relating to redemption of the Notes; or
- (iii) the date upon which a judgment is made for the voluntary or judicial liquidation (*liquidation amiable* or *liquidation judiciaire*) of the Issuer or the Issuer is liquidated for any other reason or the sale of the whole of the business (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure of the Issuer.

Arrears of Interest shall not themselves bear interest

**Conditions to Settlement** are satisfied on any day with respect to any payment of Arrears of Interest, if any, if such day would not be a Mandatory Interest Deferral Date if such day was an Interest Payment Date.

(c) Partial Payment of Arrears of Interest

If amounts in respect of Arrears of Interest become partially payable:

- (i) Arrears of Interest accrued for any period shall not be payable until full payment has been made of all Arrears of Interest that have accrued during any earlier Interest Period and the order of payment shall follow that of the Arrears of Interest to which they relate; and
- (ii) the amount of Arrears of Interest payable in respect of any Note in respect of any period, shall be pro rata to the total amount of all unpaid Arrears of Interest accrued in respect of that period to the date of payment.

(d) Notice of Deferral and Payment of Arrears of Interest

The Issuer shall give not less than five (5) nor more than thirty (30) Business Days' prior notice to the Noteholders in accordance with Condition 8 (*Notices*):

- (i) of any deferral of any interest under the Notes on any Interest Payment Date, which relates to Arrears of Interest; and
- (ii) of any date upon which amounts in respect of Arrears of Interest shall become due and payable.

This notice will not be a condition to the deferral of interest. Any delay or failure by the Issuer to give such notice shall not affect the deferral described above.

## **5. PAYMENTS**

### **5.1 Method of Payment**

Payments of principal and interest (including Arrears of Interest) in respect of the Notes will be made in Euros by credit or transfer to a Euro-denominated account (or any other account to which Euros may be credited or transferred). Such payments shall be made for the benefit of the Noteholders to the Account Holders and all payments validly made to such Account Holders shall be an effective discharge of the Issuer and the Fiscal Agent, as the case may be, in respect of such payment.

None of the Issuer or the Fiscal Agent shall be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to, or resulting from, the credit or transfer of Euros, or any currency conversion or rounding effect in connection with such payment being made in Euros.

Payments of principal and interest (including Arrears of Interest) in respect of the Notes will, in all cases, be made subject to any applicable fiscal or other laws and regulations in the place of payment.

### **5.2 Payments on Business Days**

If the due date for payment of any amount of principal, interest or other amounts in respect of any Note is not a Business Day, payment of the amount due shall not be made and credit or transfer instructions shall not be given in respect thereof until the next following Business Day and the Noteholders shall not be entitled to any interest or other sums in respect of such postponed payment.

### **5.3 Fiscal Agent**

The name of the initial Fiscal Agent and its specified office are set forth below:

**Fiscal Agent**  
**BNP Paribas Securities Services**  
3-5-7 rue du Général Compans  
93500 Pantin

## **6. REDEMPTION AND PURCHASE**

### **6.1 Redemption at Maturity**

Subject to Condition 6.7 (*Conditions to Redemption and Purchase*) below, unless previously redeemed or purchased and cancelled as provided for below, the Notes will be redeemed at their Principal Amount, together with accrued interest thereon, if any, and any Arrears of Interest, on the Scheduled Maturity Date.

### **6.2 Redemption for Tax Reasons**

- (a) If by reason of any change in, or amendments to, the laws or regulations of France or any political subdivision or any authority thereof or therein having power to tax, or any change in the official application or interpretation of such laws or regulations, in each case becoming effective on or after the Issue Date, the tax regime of any payments under the Notes is modified and such modification results in the part of the interest payable by the Issuer in respect of the Notes that is tax-deductible being reduced, the Issuer may, at its

option, at any time, but subject to Condition 6.7 (*Conditions to Redemption and Purchase*), elect to redeem all, but not part only, of the Notes then outstanding at the Base Call Price, provided that the effective date of any redemption of which an election hereunder may be given by the Issuer shall be no earlier than the latest practicable date preceding the effective date on which the tax regime of interest payments under the Notes is modified.

- (b) If by reason of any change in, or amendments to, the laws or regulations of France or any political subdivision or any authority thereof or therein having power to tax, or any change in the official application or interpretation of such laws or regulations, in each case becoming effective on or after the Issue Date, the Issuer would on the occasion of the next payment due under the Notes, not be able to make such payment without having to pay Additional Amounts the Issuer may, at any time, redeem all, but not some only, of the Notes then outstanding at their Base Call Price, provided that the effective date of redemption of which an election hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without having to pay Additional Amounts or, if such date has passed, as soon as practicable thereafter.
- (c) If the Issuer would on the next payment due under the Notes be prevented by French law or regulation from making payment to the Noteholders of the full amount then due and payable (including any Additional Amounts) which would be payable but for the operation of such French law), then the Issuer may forthwith give notice of such fact to the Fiscal Agent and the Issuer may redeem all, but not some only, of the Notes then outstanding at their Base Call Price on the effective date of any such law or regulation or within sixty (60) calendar days following the effective date of any such law or regulation.

In each case subject to Condition 6.7 (*Conditions to Redemption and Purchase*) below.

### **6.3 Redemption for Regulatory Reasons**

If at any time the Issuer determines that a Capital Disqualification Event has occurred with respect to the Notes on or after the Issue Date, the Notes may be redeemed in whole but not in part at the option of the Issuer, at any time, subject to Condition 6.7 (*Conditions to Redemption and Purchase*), at the Base Call Price, provided that the due date for redemption shall be no earlier than the last day falling on or after the date on which the proceeds of the Notes can no longer be included at least in the “tier three” own funds regulatory capital.

### **6.4 Redemption for Accounting Reasons**

If the Issuer determines at any date after the Issue Date that an Accounting Event has occurred with respect to the Notes, the Issuer may elect, at any time, subject to Condition 6.7 (*Redemption and Purchase*), to redeem all, but not some only, of the Notes at the Base Call Price, provided that the due date for redemption of which notice may be given hereunder shall be no earlier than the last day prior to the date on which the proceeds of the Notes must not, or must no longer, be recorded as “liabilities” pursuant to IFRS or any other accounting standards that may replace IFRS for the purposes of the annual consolidated financial statements of the Issuer.

### **6.5 Clean-Up Redemption**

The Issuer may elect, subject to Condition 6.7 (*Conditions to Redemption and Purchase*), to redeem all, but not some only, of the Notes at any time after the Issue Date at their Base Call Price if 80% (eighty per cent) or more in Aggregate Principal Amount of the Notes issued on the Issue Date has been purchased and cancelled at the time of such election (a **Clean-Up Call**).

## 6.6 Purchases

Subject to Condition 6.7 (*Conditions to Redemption and Purchase*), the Issuer or any subsidiary of the Issuer may at any time purchase Notes at any price in the open market or otherwise. All Notes so purchased by the Issuer shall be cancelled in accordance with Article L.228-74 of the French *Code de commerce*.

Any Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

## 6.7 Conditions to Redemption and Purchase

Any redemption or purchase of the Notes in accordance with Conditions 6.1 to 6.6 shall be subject to the following conditions (together, the **Conditions to Redemption and Purchase**):

- (a) the Prior Approval of the Relevant Supervisory Authority;
- (b) (x) no Regulatory Deficiency Redemption Deferral Event having occurred and be continuing on the due date for redemption or (y) such redemption not itself causing a Regulatory Deficiency Redemption Deferral Event, except if (a) the Relevant Supervisory Authority has exceptionally waived the suspension of redemption, (b) the Notes have been exchanged for or converted into another basic own-fund item of at least the same quality and (c) the Minimum Capital Requirement is complied with after the redemption; and
- (c) no Insolvent Insurance Affiliate Winding-up having occurred and be continuing on the due date for redemption or purchase (to the extent required under the Solvency II Regulations in order for the Notes to be treated under the Solvency II Regulations as at least “tier three” own funds regulatory capital (or whatever the terminology employed by the Solvency II Regulations) of the Issuer and/or the Group). Notwithstanding that an Insolvent Insurance Affiliate Winding-up may have occurred and be continuing on the date due for redemption or purchase, the Notes may still be redeemed or purchased on such date to the extent permitted under, and in accordance with, the Solvency II Regulations and provided that, on or prior to such date, the Prior Approval of the Relevant Supervisory Authority has been exceptionally given with respect to the relevant redemption or purchase of the Notes.

Should a Regulatory Deficiency Redemption Deferral Event or an Insolvent Insurance Affiliate Winding-up occur after a notice for redemption has been given to the Noteholders, such redemption notice shall become automatically void and notice of such fact shall be given promptly by the Issuer in accordance with Condition 8 (*Notices*).

In addition, unless otherwise permitted or provided for by the Solvency II Regulations, the Notes may not be redeemed or purchased pursuant to Condition 6.2, 6.3, 6.4, 6.5 or 6.6, prior to the fifth (5<sup>th</sup>) anniversary of the Issue Date, unless the redemption has been funded out of the proceeds of a new basic own-funds item of the same or higher quality as the Notes.

Any redemption or purchase shall be notified by the Issuer having given not more than sixty (60) nor less than thirty (30) calendar days' prior notice to the Noteholders in accordance with Condition 8 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption).

## 6.8 Notice of deferral of redemption

If practicable under the circumstances, the Issuer will give not less than five (5) nor more than thirty (30) Business Days' prior notice to the Noteholders in accordance with Condition 8 (*Notices*) of any

deferral of the redemption of the Notes. This notice will not be a condition to the deferral of redemption. Any delay or failure by the Issuer to give such notice shall not affect the deferral described above.

## **7. ENFORCEMENT**

There will be no events of default in respect of the Notes. However, each Note shall become immediately due and payable at its Principal Amount, together with accrued interest thereon, if any, to the date of payment and any Arrears of Interest, in the event that an order is made or an effective resolution is passed for the liquidation (*liquidation amiable* or *liquidation judiciaire*) or the Issuer is liquidated for any other reason, in accordance with the provisions relating to the Status of the Notes, or the sale of the whole business (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure of the Issuer.

## **8. NOTICES**

Any notice to the Noteholders will be valid if delivered to the Noteholders through Euroclear France, Euroclear, Clearstream and/or any other clearing system through which the Notes are for the time being cleared. Any such notice shall be deemed to have been given on the third (3<sup>rd</sup>) Business Day following delivery of the notice to the relevant clearing system.

## **9. PRESCRIPTION**

Claims against the Issuer for the payment of principal and interest (including, for the avoidance of doubt, any Arrears of Interest) in respect of Notes will become void unless presented for payment within a period of presently ten (10) years (in the case of the principal) and within five (5) years (in the case of interest) from the appropriate relevant due date for payment thereof.

## **10. TAXATION**

All payments in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any jurisdiction or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.

If French law should require that payments of principal or interest made by the Issuer in respect of any Note be subject to withholding or deduction in respect of any present or future taxes, duties, assessments or governmental charges of whatever nature, the Issuer, will, to the fullest extent then permitted by law, pay such additional amounts (**Additional Amounts**) as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with France other than the mere holding of the Note.

Any reference in these Conditions to principal and/or interest shall be deemed to include any Arrears of Interest.



## **11. NOTEHOLDER'S MEETING**

### **11.1 The Masse**

The Noteholders will be grouped automatically for the defence of their respective common interests in a masse (hereinafter referred to as the **Masse**) which will be governed by the provisions of articles L.228-46 et seq. of the French *Code de commerce* with the exception of Articles L.228-48, L.228-59, L.228-65 II, R.228-61, R.228-63, R.228-67, and R.228-69, R.228-79 and R.236-11 of the French *Code de commerce* and as supplemented by this Condition 11.

### **11.2 Legal Personality**

The *Masse* will be a separate legal entity acting in part through one (1) representative (the **Representative**) and in part through collective decisions of the Noteholders (the **Collective Decisions**).

### **11.3 Representative**

The initial Representative shall be:

MCM AVOCAT

*Selarl d'avocats interbarreaux inscrite au Barreau de Paris*

10, rue de Sèze

75009 Paris

France

Represented by Maître Antoine Lachenaud, *Co-gérant-associé*

The alternative Representative shall be:

Maître Philippe Maisonneuve

*Avocat*

10, rue de Sèze

75009 Paris

France

The Representative will be entitled to a remuneration of €350 (VAT excluded) per year, payable on each Interest Payment Date with the first payment at the Issue date. The alternative Representative will only become entitled to the annual remuneration above if it exercises the duties of the initial Representative on a permanent basis. Such remuneration will accrue from the day on which they assume such duties. No additional remuneration is payable in relation to any subsequent Tranche of any given Series.

The Representative will exercise its duty until death, liquidation, retirement, resignation or revocation of its appointment by a general assembly of Noteholders. Its appointment shall automatically cease on the Redemption Date, or total redemption prior to the Redemption Date.

All interested parties will at all times have the right to obtain the names and the addresses of the Representative at the head office of the Issuer and at the office of the Fiscal Agent.

#### 11.4 Powers of the Representative

The Representative shall (in the absence of any Collective Decision to the contrary) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders, with the capacity to delegate its powers.

#### 11.5 Collective Decisions

Collective Decisions are adopted either in a general meeting (the **General Meeting**) or by unanimous consent following a written consultation (the **Written Unanimous Decision**).

In accordance with Article R.228-71 of the French *Code de commerce*, the rights of each Noteholder to participate in Collective Decisions will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder as of 0:00 Paris time, on the second (2nd) business day in Paris preceding the date set for the Collective Decision.

Collective Decisions must be published in accordance with Condition 11.9.

The Issuer shall hold a register of the Collective Decisions and shall make it available, upon request, to any subsequent holder of any of the Notes of such Series.

#### 11.6 General Meetings

A General Meeting may be called at any time, either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth (1/30) of the Principal Amount of Notes outstanding, may address to the Issuer and the Representative a demand for a General Meeting to be called. If such General Meeting has not been called within two (2) months after such demand, the Noteholders may commission one of them to petition the competent court to appoint an agent (*mandataire*) who will call the General Meeting.

General Meetings may deliberate validly on first convocation only if the Noteholders present or represented hold at least one-fifth (1/5) of the Principal Amount of the Notes then outstanding. On second convocation, no quorum shall be required. The decisions of the General Meeting shall be taken by a two-third (2/3) majority of votes held by the Noteholders attending such General Meeting or represented thereat in which case the decision will be taken by a simple majority of votes held by the Noteholders attending such General Meeting or represented thereat.

Notice of the date, time, place and agenda of any General Meeting will be published in accordance with Condition 11.9 not less than fifteen (15) calendar days prior to the date of the General Meeting on first convocation and not less than five (5) calendar days prior to the date of the General Meeting on second convocation.

Each Noteholder has the right to participate in a General Meeting in person, by proxy or by correspondence.

Each Noteholder or representative thereof will have the right to consult or make a copy of the text of the resolutions which will be proposed and of the reports, if any, which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer and at any other place specified in the notice of the General Meeting, during the fifteen (15) calendar day period preceding the holding of the General Meeting on first convocation, or during the five (5) calendar day period preceding the holding of the General Meeting on second convocation.

### **11.7 Written Unanimous Decision**

At the initiative of the Issuer or the Representative, Collective Decisions may also be taken by a Written Unanimous Decision.

Such Written Unanimous Decision shall be signed by or on behalf of all the Noteholders without having to comply with formalities and time limits referred to in Condition 11.6. Any such decision shall, for all purposes, have the same effect as a resolution passed at a General Meeting of such Noteholders. Such Written Unanimous Decision may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such Noteholders and shall be published in accordance with Condition 11.9.

### **11.8 Expenses**

The Issuer will pay all duly documented expenses incurred in the operation of the Masse, including expenses relating to the calling and holding of Collective Decisions and the expenses which arise by virtue of the remuneration of the Representative, and more generally all administrative expenses resolved upon by Collective Decisions, it being expressly stipulated that no expenses may be imputed against interest payable on the Notes.

### **11.9 Notices to Noteholders**

Any notice to be given to Noteholders in accordance with this Condition 11 shall be given in accordance with Condition 8 (*Notices*).

## **12. FURTHER ISSUE**

The Issuer may from time to time without the consent of the Noteholders issue further notes to be assimilated and form a single series (*assimilées*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated (*assimilées*) notes will for the defence of their common interests be grouped in a single Masse having legal personality.

## **13. GOVERNING LAW AND JURISDICTION**

The Notes are governed by and shall be construed in accordance with the laws of the Republic of France.

Any action or proceedings against the Issuer in connection with the Notes will be submitted to the exclusive jurisdiction of the competent courts in Paris.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes will be used for general corporate purposes.

## DESCRIPTION OF THE ISSUER AND THE BNP PARIBAS CARDIF GROUP

### 1. Introduction, incorporation, registered office, duration

BNP Paribas Cardif (the **Issuer** or **BNP Paribas Cardif**) was created on 16 September 1991 as a *société anonyme* governed by French law for a duration of 99 years (*i.e.* until 16 September 2090, unless extended). It has its registered office at 1, boulevard Haussmann Paris (75009), France (Tel: +33 1 41 42 88 04). It is registered with the Paris trade and companies registry under number 382 983 922 and is registered as an insurance intermediary under registration number 07 027 518.

The Issuer is supervised by the *Autorité de contrôle prudentiel et de résolution* (**ACPR**).

The business purpose of the Issuer as set out in article 2 of its by-laws is to:

- (a) subscribe, acquire, or sell securities (*valeurs mobilières*);
- (b) manage securities (*valeurs mobilières*), intangible movable properties (*bien mobilier*) or real property (*bien immobilier*);
- (c) acquire interests or participation in all businesses or commercial, financial, personal property, real property undertaking, and in particular in all insurance or reinsurance companies;
- (d) perform insurance brokerage;
- (e) create and implement computer software;

and generally, perform and enter into all transactions of any nature, which would be directly or indirectly linked to this object and would be likely to favour its development or implementation.

The by-laws of the Issuer as last amended on 1 July 2014 can be consulted at the registered office of the Issuer, 1, boulevard Haussmann, 75009 Paris, France.

As at 31 December 2016, forty seven entities are included in the scope of consolidation of the Issuer (these entities together with the Issuer being referred to hereafter as the BNP Paribas Cardif Group).

## 2. Share Capital, Ownership and Subordinated debt

As at 31 December 2016, the share capital of the Issuer amounts to 149,959,051 Euros and is divided into 62,482,938 shares. All shares are fully paid-up. As of the date of this Prospectus, BNP Paribas S.A. holds 62,482,937 shares. One share is held by Antin Participations 5.

As at 31 December 2016, the BNP Paribas Cardif Group issued the following ordinarily subordinated obligations which are still outstanding:

	Issuer	Subscriber	Issue date	Maturity	Nominal value	Market value at December 31, 2016	Category in transitional measures
PSDI	Cardif Assurance Vie	BNP Paribas	23/12/2004	Undetermined	125	129	Tier 2
PSDI	Cardif Assurance Vie	BNP Paribas	23/12/2004	Undetermined	32	33	Tier 2
TSR	BNP Paribas Cardif	BNP Paribas	17/12/2012	17/12/2022	277	278	Tier 2
TSDI	BNP Paribas Cardif	Third party	25/11/2014	Undetermined	1,000	1,006	Tier 1
PSR	Cardif Assurance Vie	BNP Paribas	18/12/2015	18/12/2025	182	186	Tier 3
TSR	Cardif Assurances Risques Divers	BNP Paribas	28/06/2016	28/06/2026	200	210	Tier 2
TSR	Cardif Assurance Vie	BNP Paribas	27/09/2016	27/09/2026	650	672	Tier 2

In addition, as at 31 December 2016, the Issuer issued the two following subordinated obligations which were redeemed respectively on 25 and 29 September 2017:

	Issuer	Subscriber	Issue date	Maturity	Nominal value	Market value at December 31, 2016	Category in transitional measures
TSR	BNP Paribas Cardif	BNP Paribas	23/12/2011	23/12/2021	753	754	Tier 2
TSDI	BNP Paribas Cardif	BNP Paribas	30/03/2012	Undetermined	710	808	Tier 2

Those two subordinated debts were replaced by the two following new issuances:

	Issuer	Subscriber	Issue date	Maturity	Nominal value	Market value at September 30, 2017	Category
TSR	BNP Paribas Cardif	BNP Paribas	26/09/2017	26/09/2047	760	760	Tier 2
TSR	BNP Paribas Cardif	BNP Paribas	29/09/2017	29/09/2047/	710	710	Tier 2

The Issuer does not have any outstanding deeply subordinated obligations on the date of this Prospectus.

As of the date of this Prospectus, (i) no convertible debt securities, (ii) no exchangeable debt securities, and (iii) no debt securities with warrants, issued by the Issuer are still outstanding.

## 2.1 BNP Paribas Cardif Group Chart as at 31 December 2016 (consolidated entities)

The international activities of the Issuer are managed either through subsidiaries, directly owned by the Issuer, or through branches of the two main subsidiaries of the Issuer which are:

- Cardif Assurance Vie S.A. (100%<sup>1</sup> owned by the Issuer), an entity licensed as a mixed insurance company (*compagnie d'assurance mixte*) under the number 4021042 located 1, boulevard Haussmann, 75009 Paris, France;
- Cardif-Assurance Risques Divers S.A. (100%<sup>1</sup> owned by the Issuer), an entity licensed as a non life insurance company (*compagnie d'assurance Non Vie*) under the number 4020286 located 1, boulevard Haussmann, 75009 Paris, France;

In addition, among the significant French entities of the BNP Paribas Cardif Group, GIE BNP Paribas Cardif is an economic interest group (*groupement d'intérêt économique*, a francophone consortium of related businesses, companies, foundations, organisations or institutes which are formally pooling their efforts for competitive advantage), working for all branches and subsidiaries of BNP Paribas Cardif Group, located 1, boulevard Haussmann, 75009 Paris, France.

In addition to its activities through branches and fully-owned subsidiaries, the Issuer has established several jointly-owned companies. As at 31 December 2016, the most important joint ventures were:

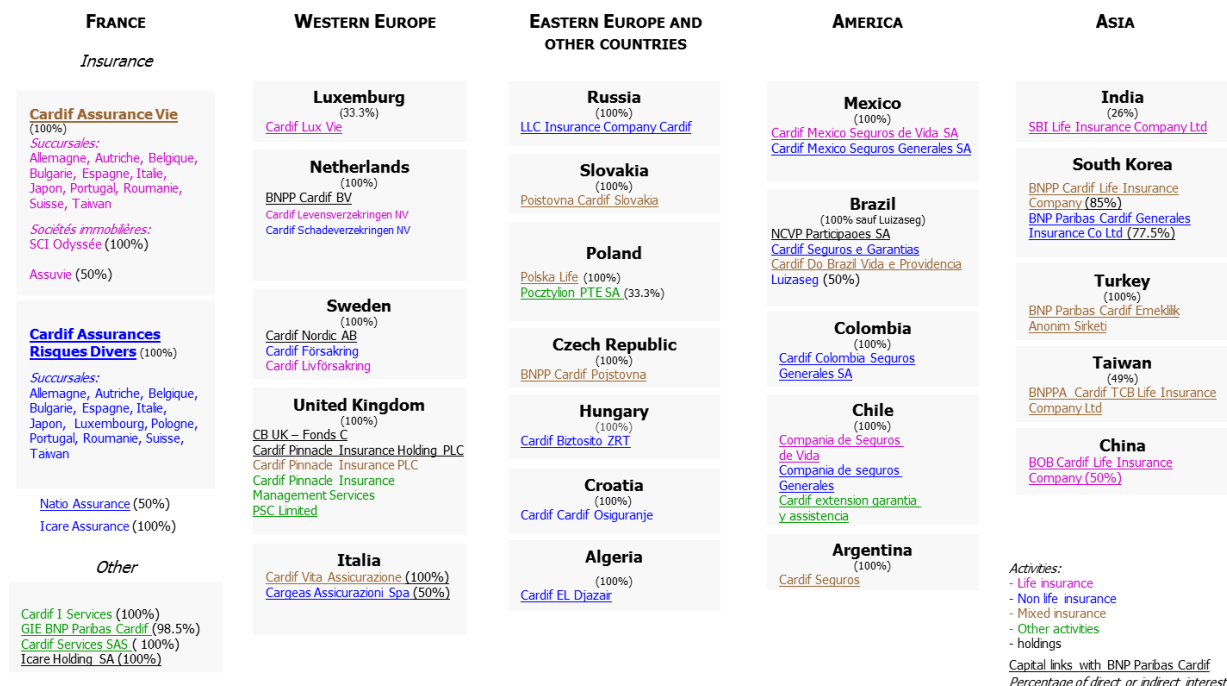
- Cardif Lux. Vie (33.3%<sup>1</sup> owned by the Issuer, 33.3% owned by BGL and 33.3% owned by AGEAS), an entity licensed as a life insurance company in Luxembourg;
- SBI Life Insurance Company Ltd (26%<sup>1</sup> owned by the Issuer, 74%<sup>1</sup> owned by the State Bank of India), an entity licensed as a life insurance company in India;
- BNPPA Cardif TCB Life Insurance Company Ltd (49%<sup>1</sup> owned by the Issuer, 51%<sup>1</sup> owned by Taiwan Cooperative Bank), an entity licensed as a life insurance company in Taiwan;
- BNP Paribas Cardif Life Insurance Co. Ltd (85%<sup>1</sup> owned by the Issuer, 15%<sup>1</sup> owned by Shinhan Bank), an entity licensed as a life insurance company in South Korea;
- Luizaseg (49.99%<sup>2</sup> owned by the Issuer, 50.01%<sup>2</sup> owned by Magasin Luiza), an entity licensed as a non life insurance company in Brazil; and
- Natio Assurance (50%<sup>1</sup> owned by the Issuer along with AXA), an entity licensed as a non life insurance company (*compagnie d'assurance non vie*) under the number 4021236 located 8, rue du Port, 92728 Nanterre Cedex, France.

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<sup>1</sup> All percentages are interest percentages as mentioned in BNP Paribas Cardif Consolidated Financial statements as at 31 December 2016.

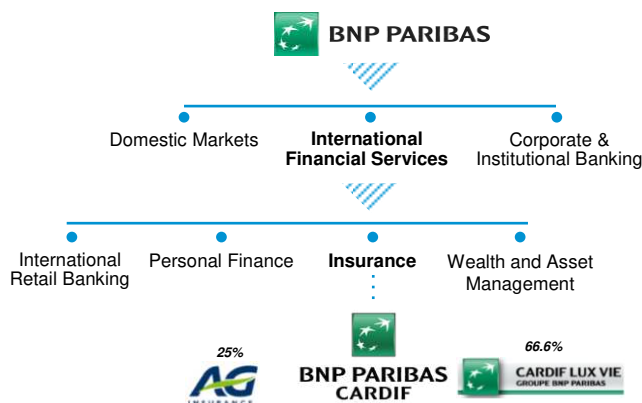
<sup>2</sup> All percentages are voting percentages as at 31 December 2016.

As at 31 December 2016, the scope of consolidation of the BNP Paribas Cardif Group is shown below:



## 2.2 BNP Paribas Cardif Group within the BNP Paribas Group

BNP Paribas Cardif is part of the International Financial Services (IFS) of BNP Paribas Group, one of the main growth drivers of BNP Paribas Group. IFS employs more than 80,000 people in over 60 countries and has a strong position in the BNP Paribas Group's key growth regions of Asia-Pacific and the Americas.



The BNP Paribas Group insurance business totalled 27.1 billion Euros of gross written premiums in 2016. Of this, 3.2 billion Euros are from equity-consolidated entities and 3.1 billion Euros are from entities under management of the Insurance business line. Those entities corresponded to 25% of AG Insurance held by BNP Paribas Fortis, and 66.7% of Cardif Luxembourg Vie (of which 33.3% are held by BGL and 33.3% are held by Ageas).



Gross written premiums of entities that were fully consolidated in BNP Paribas Cardif amounted to 20.8 billion Euros at 31 December 2016, with a stable distribution between the Savings (80%) and Protection (20%) businesses.

Insurance's revenues of BNP Paribas Group amounted to 2,382 million Euros at 31 December 2016, and were up by 2.7% compared to 2015, due to the rise in protection insurance revenues in Europe and in Latin America. Operating expenses, at 1,201 million Euros at 31 December 2016, rose by 3.8%, due to the business development and the rise in regulatory costs. After taking into account the good performance of associated companies, pre-tax income was thus up by 3.0% compared to 2015, at 1,369 million Euros.

Within the BNP Paribas Group, the insurance business line has experienced a significant rise in the last years. This is expressed in the key financial figures of the BNP Paribas Group since 2012:

- Gross written premiums of the insurance business line amounted to 27.1 billion Euros as at 31 December 2016 and has increased by 4% compound annual growth rate since 2012;
- Assets under management of the insurance business line amounted to 226.1 billion Euros as at 31 December 2016 and have increased by 10% compound annual growth rate since 2012; and
- Net profit before tax amounted to 1.4 billion Euros as at 31 December 2016 and has increased by 9% compound annual growth rate since 2012.

As at 31 December 2016, the Insurance business line accounted for 28% of the pre-tax income of the International Financial Services of the BNP Paribas Group and 12% of net income before tax of BNP Paribas Group's operational business units and the insurance business line aims at achieving a 4% average growth of its revenues until 2020 according to the BNP Paribas 2016-2020 Business Development Plan<sup>3</sup>. This last figure is only a forward-looking statement, undue reliance should not be placed on such statement. Please refer to the section entitled "Risk Factors" above.

### **3. Management of the Issuer**

The Issuer is managed by Renaud Dumora, Chief Executive Officer (*Directeur Général*) and a board of directors (*Conseil d'administration*) (the Board of Directors) consisting of twelve Directors. As of the date of this Prospectus, the members are: Pierre de Villeneuve (Chairman), Marie-Claire Capobianco, Véronique Cotten, Renaud Dumora, Jacques d'Estais, Elisabeth Gehringer, Sylvie Jezequelou, Olivier Le Grand, Jean-Hervé Lorenzi, Yves Martrenchar, Jacques Mistral, Catherine Olivier, Jean-François Pfister, Marie-Hélène Sartorius and Paul Villemagne.

A number of the Issuer's Directors serve both as Director of the Issuer and corporate officers of other entities of the BNP Paribas Cardif Group or other entities of the BNP Paribas Group. The interests of other entities within the BNP Paribas Cardif Group could differ from those of the Issuer or its primary shareholder BNP Paribas S.A. This could lead to potential conflicts of interests between the duties to the Issuer of persons that serve as both Director of the Issuer and corporate officer of another affiliate.

The Directors have however committed to sign annually a statement of compliance according to which they declare to act loyally in the best interest of the Issuer and the policyholders', to notify to the Chairman of the Board of Directors and to the head of compliance of the Issuer any situation that could affect the valuation of their honourability and to declare any conflict of interest, real or potential.

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<sup>3</sup> Source: BNP Paribas Group 2016-2020 Business Development Plan Presentation.

The composition of the Issuer's Board of Directors' and Management's members and their principal activities performed outside the Issuer as at 30 September 2017 is as follows:

Function and Name	Principal activities performed as at 30 September 2017
<b>Chairman of the Board of Directors</b>	
<b>Pierre de Villeneuve</b>	<p><b>Chairman of the Board of Directors</b></p> <ul style="list-style-type: none"> <li>– BNP Paribas Cardif</li> <li>– Cardif Assurance Vie</li> <li>– Cardif Assurances Risques Divers</li> </ul> <p><b>Member of the Board of Directors</b></p> <ul style="list-style-type: none"> <li>– GIE BNP Paribas Cardif</li> <li>– CB (UK) Limited (Royaume-Uni)</li> <li>– SBI Life Insurance Co. Ltd (Inde)</li> </ul> <p><b>Permanent representative (représentant permanent) of Cardif Assurance Vie on the Board of Directors of</b></p> <ul style="list-style-type: none"> <li>– Fonds Stratégique de Participations (FSP)</li> </ul>
<b>Members of the Board of Directors</b>	
<b>Marie-Claire Capobianco</b>	<p><b>Member of the Board of Directors</b></p> <ul style="list-style-type: none"> <li>– BNP Paribas Développement</li> <li>– BNP Paribas Cardif</li> <li>– ADIE</li> <li>– Cardif IARD</li> </ul> <p><b>Member of the Supervisory Board</b></p> <ul style="list-style-type: none"> <li>– CDG (Consolidation et Développement de Gestion)</li> </ul>
<b>Véronique Cotten</b>	<p><b>Member of the Board of Directors</b></p> <ul style="list-style-type: none"> <li>– BNP Paribas Cardif</li> </ul> <p><b>Permanent representative (représentant permanent) of BNP Paribas SA on the Board of Directors of:</b></p> <ul style="list-style-type: none"> <li>– BNP Paribas Investment Partners</li> <li>– BNP Paribas Procurement Tech</li> </ul> <p><b>Permanent representative (représentant permanent) of BNP Paribas SA on the Supervisory Board of:</b></p> <ul style="list-style-type: none"> <li>– BNP Paribas Actionnariat</li> </ul>
<b>Renaud Dumora</b>	<p><b>Chief Executive Officer</b></p> <ul style="list-style-type: none"> <li>– BNP Paribas Cardif</li> <li>– Cardif Assurance Vie</li> <li>– Cardif Assurances Risques Divers</li> </ul> <p><b>Member of the Board of Directors</b></p> <ul style="list-style-type: none"> <li>– BNP Paribas Cardif</li> <li>– Cardif Assurance Vie</li> <li>– Cardif Assurances Risques Divers</li> <li>– GIE BNP Paribas Cardif</li> <li>– Cardif IARD</li> <li>– Belgique: AG Insurance</li> </ul>
<b>Jacques d'Estais</b>	<p><b>Chairman of the Supervisory Board</b></p> <ul style="list-style-type: none"> <li>– BNP Paribas Real Estate</li> </ul> <p><b>Member of the Board of Directors</b></p> <ul style="list-style-type: none"> <li>– BNP Paribas Cardif</li> <li>– BNP Paribas Suisse</li> <li>– BNP Paribas Personal Finance</li> </ul> <p><b>Member of the Supervisory Board</b></p> <ul style="list-style-type: none"> <li>– BGZ BNP Paribas</li> <li>– BancWest Corporation (USA)</li> <li>– LCH Clearnet Group</li> <li>– TEB Holding</li> </ul> <p><b>Chairman of the Board of Directors</b></p> <ul style="list-style-type: none"> <li>– BNP Paribas Investment Partners</li> </ul> <p><b>Permanent representative (représentant permanent) of Kléquatörze which is Chairman of the Supervisory Board of BNP Paribas Securities Services</b></p>

Function and Name	Principal activities performed as at 30 September 2017
<b>Elisabeth Gehringer</b>	<b>Member of the Board of Directors</b> – BNP Paribas Cardif
<b>Sylvie Jezequelou</b>	<b>Member of the Board of Directors</b> – BNP Paribas Cardif
<b>Olivier Le Grand</b>	<b>Member of the Board of Directors</b> – B* Capital – BNP Paribas Cardif
<b>Jean-Hervé Lorenzi</b>	<b>Vice chairman of the Board of Directors</b> – UBS Holding France <b>Member of the Board of Directors</b> – BNP Paribas Cardif
<b>Yves Martrenchar</b>	<b>Member of the Board of Directors</b> – BNP Paribas Cardif – Bank of the West (USA) – BancWest Corporation (USA) – La Lairoise de Participations – BMCI Groupe BNP Paribas (Maroc) – BNP Paribas USA, INC. (IHC) (USA)
<b>Jacques Mistral</b>	<b>Member of the Board of Directors</b> – BNP Paribas Cardif
<b>Catherine Olivier</b>	<b>Member of the Board of Directors</b> – BNP Paribas Cardif <b>Member of the Supervisory Board</b> – BNP Paribas Securities Services <b>Permanent representative (<i>représentant permanent</i>) of Antin Participation 5 on the Board of Directors of:</b> – BNP Paribas Securities Services
<b>Jean-François Pfister</b>	<b>Member of the Board of Directors</b> – BNP Paribas Cardif – BNP Paribas Personal Finance
<b>Marie-Hélène Sartorius</b>	<b>Member of the Board of Directors</b> – BNP Paribas Cardif <b>Member of the Supervisory Board</b> – ANF immobilier – Areva SA
<b>Paul Villemagne</b>	<b>Honorary Chairman of the Board of Directors of BNP Paribas Cardif</b> <b>Chairman of the Supervisory Board</b> – Société d'Assurances de Consolidation des Retraites de l'Assurance (S.A.C.R.A.) <b>Member of the Board of Directors</b> – BNP Paribas Cardif

#### **4. History of the BNP Paribas Cardif Group**

The Compagnie d'Assurance et d'Investissement de France (CARDIF) was created in July 1973 by the Compagnie Bancaire and was approved as an insurance company by the French regulator. In 1998, the Compagnie Bancaire merged with the credit institution Paribas.

In 1986, CARDIF launched and commercialised various long term capital income products via its network of banking agencies under the brand Natio Vie. In parallel, the cooperation between BNP (Banque Nationale de Paris) and UAP (Union des Assurances de Paris) led to the creation in 1991 of a common subsidiary, Natio Assurance that commercialised property and casualty insurance contracts to clients of the bank.

In 1992, CARDIF had offices in 30 cities in France.

The expansion in the international market started in 1989 with the opening of CARDIF offices in Italy, Belgium, and Spain. In 1997, the business was launched in Asia (Taiwan) and in Latin America (Chile).

In 2001, a natural consequence of the merger of BNP and Paribas was the regrouping of the teams of CARDIF, Natio Assurance and Natio Vie at the head office of CARDIF in Rueil-Malmaison.

In 2004, the insurance companies of the BNP Paribas Group were brought together under a common name "*BNP Paribas Assurance*".

In 2010, BNP Paribas Assurance became BNP Paribas Cardif and BNP Paribas S.A integrated the shares it held in AG Insurance.

In 2011, BNP Paribas Cardif moved to its new administrative office, at 8, rue du port, 92000 Nanterre.

In 2013, to pursue its development trend on the international market, the Issuer signed a joint venture contract with Bank of Beijing.

In 2014, BNP Paribas Cardif acquired 100% of Icare SA, the parent company of the Icare group.

In 2016, the Issuer and Matmut announced a strategic alliance with the creation of a joint venture in property and casualty insurance, Cardif IARD.

In July 2017, BNP Paribas Cardif announced the signature of an agreement with the company Ageas to take full ownership of Cargeas Assicurazioni (CARGEAS), a major non-life bancassurance provider in Italy.

In September 2017, SBI Life, the leading private insurance company in India, completed its initial public offering on the Bombay Stock Exchange and the National Stock Exchange of India. 12% of SBI Life ordinary shares were listed, 4% of which were tendered by BNP Paribas Cardif. Following the offer, BNP Paribas Cardif held a 22% stake in SBI Life.

## 5. Business of the BNP Paribas Cardif Group

### 5.1 Overview

For more than 40 years, BNP Paribas Cardif, a global specialist in personal insurance, has been creating, developing, and distributing products and services in savings and protection, to ensure individuals, their projects and their properties.

Building on its unique business model, BNP Paribas Cardif shares its experience and expertise with more than 500 partners, in or out of the BNP Paribas Group. The network of multi-sector partnership built by the Issuer is composed most notably of banks, credit institutions, automotive financial institutions, mass retailers, telecommunications, independent financial advisors and brokers. Over 80 partnership agreements were signed or renewed in 2016, including agreements with Hua Nan Bank (HNB) in Taiwan, Grupo Aval, the largest financial group in Colombia and Ripley, one of the biggest retailers in Chile. In addition, building on the expertise of Icare, a pioneer in mechanical breakdown warranties and maintenance contracts in France, a partnership agreement with Santander was signed in Germany.

Thanks to its specialization by industry, the Issuer can offer an expertise in the distribution of protection and saving offers, serving 100 million clients in 36<sup>4</sup> countries. BNP Paribas Cardif is the n°1<sup>5</sup> worldwide in creditor insurance, an activity that BNP Paribas Cardif has been developing since the very first years of its creation.

BNP Paribas Cardif also offers saving solutions to build and grow a capital, and prepare for retirement. BNP Paribas Cardif pays close attention to the diversification of its activities, notably by developing its protection offer.

BNP Paribas Cardif benefits from a good geographical diversification. The international activities of the Issuer represent more than half of the premiums written. Beyond the French market, BNP Paribas Cardif occupies strong positions in Europe, Asia and Latin America:

- Latin America: Argentina, Brazil, Chile, Colombia, Mexico, and Peru;
- Asia: China, South Korea, India, Japan, Taiwan, and Vietnam;
- Continental Europe: Germany, Austria, Belgium, Spain, Italy, Luxembourg, Portugal, and United-Kingdom;
- Northern Europe and Emerging markets: Bulgaria, Croatia<sup>6</sup>, Denmark, Hungary, Norway, Netherlands, Poland, Czech Republic, Romania, Slovakia and Sweden;
- Other countries: Algeria, Russia, Turkey, and Ukraine.

#### 5.1.1 Key consolidated figures as at 31 December 2016

As at 31 December 2016, (i) the total consolidated gross written premiums of the Issuer amounted to 20.8 billion Euros. 45% of the gross written premiums is made through the international subsidiaries and branches of the Issuer; (ii) the Issuer's results amounted to 438.1 million Euros which represented an increase of 12% compared to 2015; and (iii) the Issuer's total consolidated insurance reserves amounted to 162 billion Euros, out of which 43 billion Euros related to unit linked reserves.

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<sup>4</sup> 36 countries as at 31<sup>st</sup> December 2016, 35 countries as at 18<sup>th</sup> October 2017, following the sale of the Croatian subsidiary

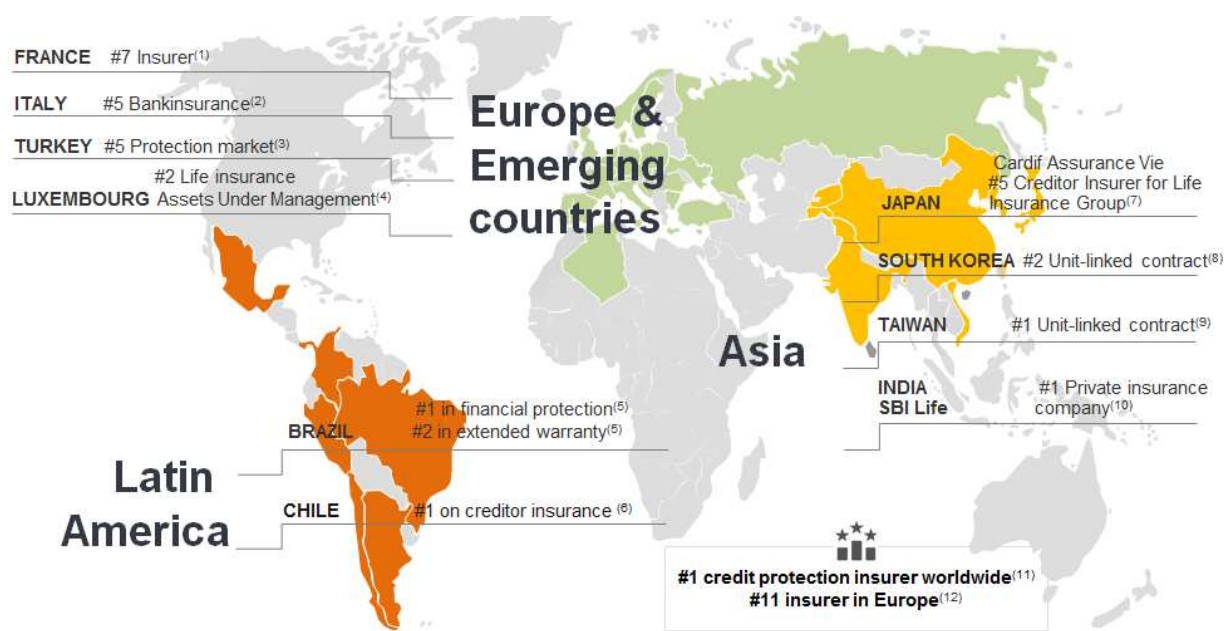
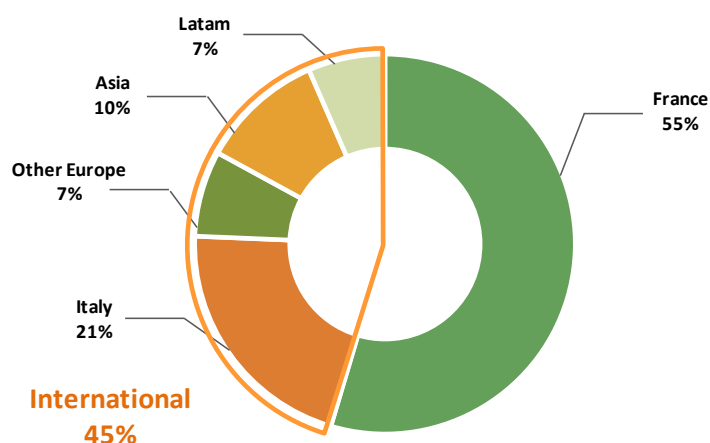
<sup>5</sup> Source: Finaccord

<sup>6</sup> Entity sold as at 18 October 2017

### 5.1.2 Geographic presence

The Issuer is active in 36 countries<sup>7</sup> with approximately 100 million customers. The activities of the Issuer are therefore diversified with the most significant positions being in Europe but also in Latin America and Asia.

**BNPP Cardif 2016 gross written premiums by geographical area**



Sources:

(1) La Tribune 2016, Finaccord; (2) IAM Consulting (Dec. 15), YTD new collection; (3) Turkish insurance association; (4) ACA; (5) SUSEP; (6) Svs (Chilean insurance regulator, Superintendencia de Valores y Seguros) (2016); (7) Statistics of Life Insurance business in Japan (March 2016); (8) Korea Life Insurance Association Statistic (Sept 2016); (9) Taiwan financial supervisory commission (FSC), Banking bureau/financial industry statistics (January to December 2016); (10) Life Insurance Council; (11) Finaccord; (12) Argus de l'assurance December 2016 (based on 2016 GWP).

The Issuer has a significant position in Europe with 17.2 billion Euros in gross written premiums in 2016. In France, the Issuer is ranked 7<sup>th</sup> insurer base on Gross Written Premium. In Italy, BNP Paribas Cardif Vita Assicurazioni is the 5<sup>th</sup> bank insurer<sup>8</sup>. In these two main markets BNP Paribas Cardif Group provides Savings insurance as well as Protection insurance solutions through BNP Paribas S.A's networks and through external partnerships. The BNP Paribas Cardif Group is the 1<sup>st</sup> creditor insurer worldwide<sup>9</sup>.

<sup>7</sup> 36 countries as at 31<sup>st</sup> December 2016, 35 countries as at 18<sup>th</sup> October 2017, following the sale of the Croatian subsidiary

<sup>8</sup> Source: Ranking in terms of year-to-date collection by IAMA consulting, June 2014.

<sup>9</sup> Source: Finaccord, in terms of gross written premiums

The BNP Paribas Cardif Group continues to expand in Asia by developing Japan protection activity and enhancing its existing long term partnerships with TCOB in Taiwan and Shinhan Bank in South Korea. Asia represented 2.2 billion Euros in gross written premiums in 2016. The Issuer is also present in the Chinese life insurance market.

In Latin America, the Issuer's business is primarily protection insurance. The BNP Paribas Cardif Group continues to grow, led by growing markets such as Chile or Brazil. In 2016, the Issuer had 1.3 billion Euros in gross written premiums in this region.

The Issuer plans to continue to develop internationally with a special focus on markets with strong growth potential.

### **5.1.3 Management organisation by country**

The key principles of the management organisation of the Issuer can be described as follows:

- In its historical domestic markets comprising France, Italy and Luxembourg, the Issuer underwrites its life insurance savings, retirement savings and protection products primarily through the banking networks of BNP Paribas S.A.
- In international markets which include Latin America, Asia, non-domestic European markets and emerging markets, the Issuer markets its savings (mainly in Asia) and protection products (especially in Latin America) through partnerships with local leader banks (Shinhan Financial Group (South Korea), TEB-Fortis Bank (Turkey), Banco Santander, Grupo Aval (Colombia) ...), financial institutions (Personal Finance throughout the world), financing subsidiaries of car dealers and retail chains (Carrefour, ...).

## **5.2 Strategy**

The Issuer derived 45% of its gross written premiums from business outside France in 2016 with a diversified geographic business balance. The Issuer aims to continue to take advantage of its international profile, continuing to drive the same sustained organic growth it had in all the countries in which the Issuer is implanted.

In 2017 and beyond, the Issuer intends to focus on two main priorities:

- expand and optimise the footprint to maintain a solid development trend through the further expansion of partnerships, the development of Home and Auto business lines through key dedicated partnerships, the strengthening of its presence in growing areas (Asia, Latin America, EMEA) to capture new opportunities and the acceleration of the development of protection activities;
- improve operating efficiency through the streamlining of the corporate structure, the optimization of locations and activity portfolio, the enhancement and the industrialization of IT platforms, and the maintenance of investments in automation and data management.

In addition to its loan insurance business, the Issuer protection offer encompasses health insurance, budget, income and payment means protection, extended warranty, property and casualty insurance.

The Issuer's strategic plan is based on five main principles:

- (i) focus on customers and partners;
- (ii) enhance BNP Paribas Cardif as a growth engine;

- (iii) build a digital and data-driven company, largely automated;
- (iv) combine profitability and risk balance; and
- (v) remain a human centric and innovative company.

### 5.3 Business Lines

Number 1 insurance company worldwide in creditor insurance<sup>10</sup>, BNP Paribas Cardif creates innovative savings and insurance solutions designed for performance in a world shaped by the emergence of new uses and lifestyles.

BNP Paribas Cardif has built its core offer around the benefits that insurance brings to its clients in their everyday life: maintaining their standard of living, preparing their future projects, and bringing serenity when it comes to face unexpected events.

The Issuer's business falls into two main families:

- **saving insurance** which encompasses capitalisation, and individual and group pension contracts; and
- **protection insurance** which covers a broad range of products (creditor protection insurance, extended warranties, credit card protection, invoice protection, and gap, property, casualty and health insurances).

This global range of products aims at covering three key moments of each customer's life in the Issuer strategy. To better answer those needs, BNP Paribas Cardif proposes 13 products & services lines that have been gathered around those three life landmarks: "I Do", "I Plan", "I Get Over It".

- **"I Do"**

BNP Paribas Cardif's offer a wide range of protection products that includes:

- (i) loan protection;
- (ii) income protection credit card theft and fraud protection;
- (iii) extended warranties;
- (iv) property protection; and
- (v) and guaranteed auto protection (GAP) insurance.

- **"I Plan"**

BNP Paribas Cardif offers a wide range of saving and retirement solutions.

Savings products written by BNP Paribas Cardif allow sparing money, growing a capital or transmitting it depending on the client's needs and risk profile. The contracts offer to invest within euro-denominated fund or a large choice of investment vehicles of all assets classes, within traditional Multi-vehicles contracts or our diversified ones, at the cutting edge of insurance.

BNP Paribas Cardif life insurance and capitalization contracts allow policyholders to prepare their projects in a serene way. BNP Paribas Cardif offers a diversified life insurance contract fully dedicated to retirement: BNP Paribas Cardif Future Retirement. Thanks to programed premiums, BNP Paribas Cardif Future Retirement guarantees a life minimum

<sup>10</sup>

Source: Finaccord



revenue, from accession, while still benefiting from the amounts paid during the saving period.

▪ **“I Get Over It”**

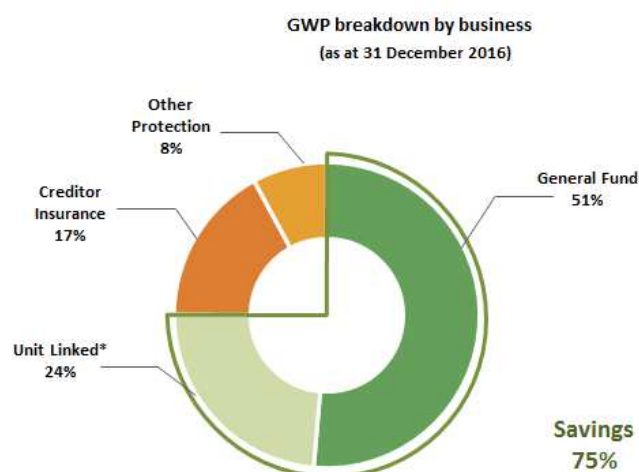
BNP Paribas Cardif allows policyholders to protect themselves against life contingencies and to stay serene in front of unexpected events such as accidents, illness, dependency.

BNP Paribas Cardif products and services include:

- (i) **accident coverage:** to guarantee the permanence of a small company with BNP Paribas Cardif "key man" insurance for example;
- (ii) **healthcare coverage:** to make sure that the medical expenses will be refunded with BNP Paribas Cardif protection and choose among a wide range of options depending of the policyholder situation;
- (iii) **long term care and dependency:** BNP Paribas Cardif products and services will cover long term illnesses that are usually not taken into account in other insurances, either state or private ones.

As at 31 December 2016, the Issuer has the following breakdown of its consolidated gross written premiums:

Gross Written Premium in billions Euros	2016
<b>Savings</b>	<b>15.6</b>
General Fund	10.7
Unit Linked including Eurocroissance funds	4.9
<b>Protection</b>	<b>5.2</b>
Creditor Insurance	3.5
Other Protection	1.6
<b>Total</b>	<b>20.8</b>



### 5.3.1 Saving insurance

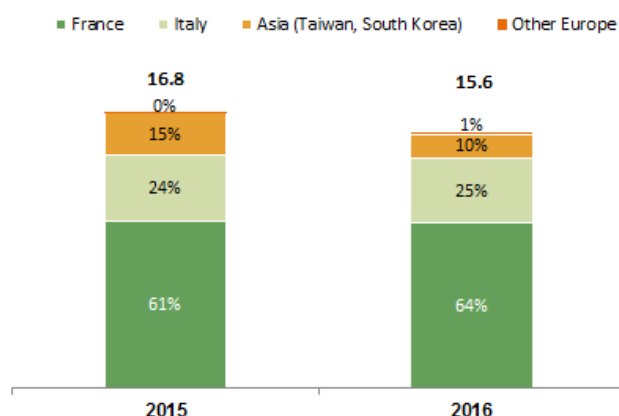
The Issuer proposes a range of savings solutions including unit-linked life insurance contracts, “Eurocroissance” contracts, capital protected products, diversified fund, etc. designed to help people build up and grow their savings, plan for retirement, and achieve their life plans.

The main partners distributing BNP Paribas Cardif Group’s savings offers are BNP Paribas S.A, BNL, Taiwan Cooperative Bank and Shinhan Bank pursuant to long term agreements entered into with the Issuer.

The chart below presents the main contributors in the savings business by geographic zone<sup>11</sup>:

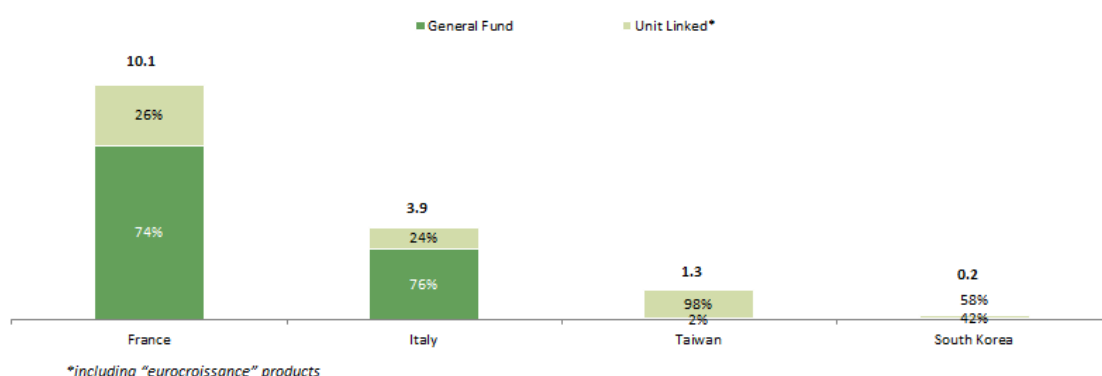
<sup>11</sup> Source: 2016 Consolidated Financial Statements & BNP Paribas Cardif management accounting data.

## Savings gross written premiums by geographic area (in billion Euros in 2016)



With gross written premiums of 15.6 billion Euros in 2016, savings activity has decreased by 1.1 billion Euros compared to 2015 (-7%); the Issuer has voluntarily reduced its savings activities in South Korea and Taiwan given unfavourable market conditions.

## Main savings countries (Gross written premiums<sup>12</sup> in billion Euros in 2016)



The Issuer also acts as life insurer in Luxembourg through Cardif Luxembourg Vie (the Issuer owns 33.3% of interests in Cardif Luxembourg Vie and the Issuer is consolidated by equity method in BNP Paribas Cardif consolidated statements). It has recorded 2.4 billion Euros of savings gross written premiums in 2016 at 100%, positioning the company as the 2<sup>nd</sup> life insurer in Luxembourg<sup>13</sup>. In 2016, its mathematical reserves amounted to 20 billion Euros, out of which 67% related to unit linked contracts.

### 5.3.2 Protection insurance

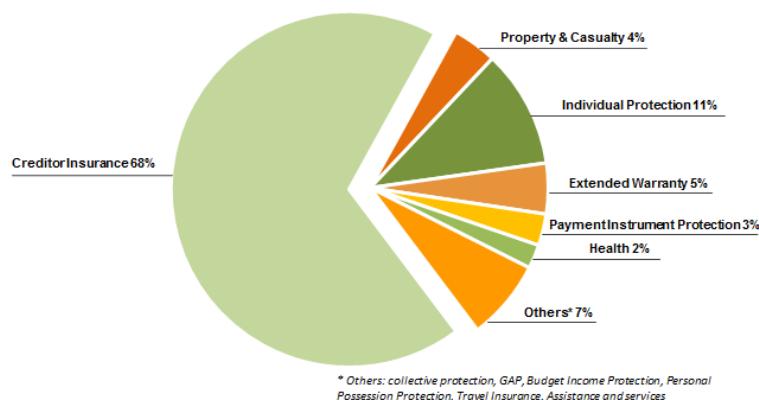
The Issuer has progressively expanded its protection portfolio with new products. The Issuer started the activity with creditor insurance and now covers health insurance, property, casualty insurance, involuntary unemployment, products for budget and income protection, credit card protection and extended warranty.

The chart below presents the breakdown between creditor insurance and other protection businesses:

<sup>12</sup> Source: 2016 Consolidated Financial Statements & BNP Paribas Cardif management accounting data

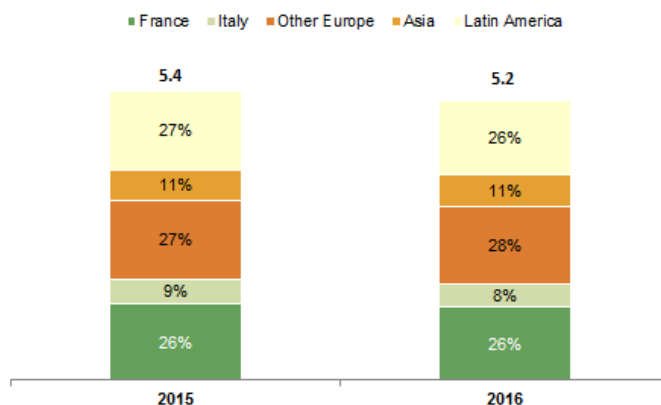
<sup>13</sup> Source: Annual Report of the Association of Insurance Companies of Luxembourg for the year 2016.

## Protection 2016 gross written premiums<sup>14</sup> Breakdown by Product:



The Issuer intends to further develop protection insurance in the years to come as this is likely to be in line with the growing need for equipment in the emerging markets and the demographic evolutions in mature economies.

The chart below presents the main contributors in protection by geographic zone, in billion Euros:



Gross Written Premium in billions Euros	2015	2016
France	1.4	1.4
Italy	0.5	0.4
Other Europe	1.5	1.4
Asia	0.6	0.6
Latin America	1.4	1.4
<b>Total</b>	<b>5.4</b>	<b>5.2</b>

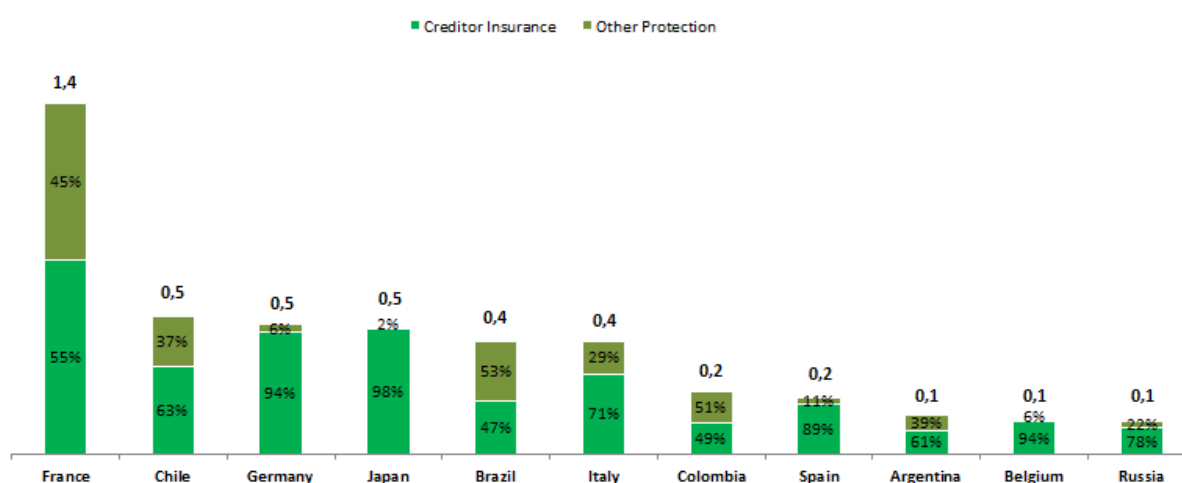
The Issuer had gross written premiums of 5.2 billion Euros in 2016 for the protection activity which accounted for 25% of insurance activity.

<sup>14</sup> Source: 2016 Consolidated Financial Statements & BNP Paribas Cardif management accounting data

The segment benefited from good performance in Latin America (1.4 billion Euros in gross written premiums), particularly in Chile and Brazil, countries where the middle class is expanding significantly, creating growing demand for insurance cover. The protection insurance business in Europe represents gross written premiums of 1.5 billion Euros; this included robust growth in Spain (215 million Euros) and Germany (502 million Euros), led by the development of creditor insurance.

The Issuer portfolio's geographic origin in the protection activity is diversified. Six countries in three different continents have recorded annual gross written premiums above 0.4 billion Euros in 2016. The chart below presents a breakdown of the gross written premiums between creditor insurance and other protection in the countries in which the Issuer has the most activity<sup>15</sup>:

#### Main protection countries (gross written premiums<sup>13</sup> in billion Euros in 2016):



## 5.4 Results

The Issuer has recorded a 2016 net consolidated income (group share) under French GAAP (*General Accepted Accounting Principles*) of 438 million Euros which represents an increase of 12% compared to 2015.

In million Euros	2015	2016	Variation	%
Gross written premiums	22,126	20,808	-1,318	-6%
Earned premium and income from other activities	22,129	20,778	-1,351	-6%
Other operating income and charges	-16,620	-15,429	1,191	-7%
Management expenses	-4,749	-4,563	186	-4%
<b>Net operating income</b>	<b>759</b>	<b>786</b>	<b>27.0</b>	<b>4%</b>
Other income and expenses and exceptional results	-12	-3	9	-75%
Corporate Income Tax	-391	-388	4	-1%
<b>Net income from consolidated companies</b>	<b>355</b>	<b>395</b>	<b>40</b>	<b>11%</b>
Share in earnings of associates	51	57	6	11%
Goodwill amortization	-16	-17	-1	-5%
<b>Net consolidated income after tax</b>	<b>391</b>	<b>436</b>	<b>45</b>	<b>12%</b>
Minority interests	1	2.5	2	213%
<b>Net consolidated income – Group share</b>	<b>391</b>	<b>438</b>	<b>47</b>	<b>12%</b>
<b>Net consolidated income before tax</b>	<b>782</b>	<b>823</b>	<b>41</b>	<b>5%</b>

<sup>15</sup> Source: 2016 Consolidated Financial Statements & BNP Paribas Cardif management accounting data.

The net operating income amounted to 786.1 million Euros in 2016 which represents an increase of 4% compared to 2015 with a decrease in management costs by 4%.

The table below sets out the contribution of each geographic area<sup>16</sup> to the 2016 current operating income from consolidated companies (excluding BNP Paribas Cardif as a holding):

<i>In million Euros</i>	2015	2016
France	733	682
Italy	56	62
Latin America	112	123
Asia	106	75
Other countries (Europe and Emerging)	62	161
<b>Insurance activities</b>	<b>1,069</b>	<b>1,103</b>
Other operating income *	-310	-317
<b>Net operating income</b>	<b>759</b>	<b>786</b>

*\* This accounting item mainly includes shareholders' expenses as well as the borrowing costs linked to the financing provided to subsidiaries whereas the dividends received from those are offset in the consolidated contribution.*

The accounting contribution to the consolidated accounts of the insurance activities is analysed as follows:

### ***France***

Current operating income for insurance entities in France amounted to 682 million Euros, down 7% compared to 2015. This variation was notably explained by the decrease in financial returns in a low-rate environment and by the continued significant allocation to the provision for the policyholder participation benefit of 650 million Euros in 2016 compared to 614 million Euros in 2015. Operating costs and other expenses reflected both the increase in staff and investment expenses as part of the information system optimisation programme, and the reinforcement of the measures taken to accelerate the settlement of outstanding life insurance contracts.

### ***International***

Operating income for insurance entities in Italy amounted to 62 million Euros, up by 10%. Savings operating income was down by 12 million Euros, due to the lower return on financial assets backing the shareholders' equity. Protection operating income was 17 million Euros higher, due principally to a better claim experience in creditor insurance.

Operating income for entities in Latin America, exclusively related to protection activities, amounted to 123 million Euros, increasing by 10% (25% at constant exchange rate) due to the growth of the activity in Chile, a better claim experience in Colombia, and improved financial income. The increase in the region's income more than offset the progression of the management costs linked to the operational staff increase.

Operating income for entities in Asia amounted to 75 million Euros, down by 31 million Euros, due to unfavorable conditions in the financial markets for the savings activity, in particular in South Korea, and the revision of the distribution arrangements in creditor insurance in Japan. Operating income for entities in Europe and Emerging markets increased by 99 million Euros to 161 million Euros at year end. This growth was mainly due to a claim decrease in creditor insurance compared to 2015.

<sup>16</sup> Contribution based on the geographic area of the entity booking the operation.

## 5.5 Solvency

Since the 1<sup>st</sup> January 2016, BNP Paribas' insurance business is governed by Solvency II (Directive 2009/138/EC as transposed into French law). This new standard applies to all European insurance companies for the calculation of the coverage ratio.

The objectives of Solvency II are to:

- improve risk management systems matching them more closely with the actual risks to which insurance companies are exposed;
- harmonise the insurance regulatory regimes across Europe; and
- give more power to supervisory authorities.

Solvency II is divided into three pillars:

- Pillar 1: assess solvency using what is known as an economic capital based approach;
- Pillar 2: introduce qualitative requirements, i.e. governance and risk management rules that include a forward-looking approach to risk assessment. This assessment is called ORSA (Own Risk & Solvency Assessment);
- Pillar 3: improve the transparency of the insurance business by making solvency the cornerstone of disclosures to the public and the supervisory authority.

BNP Paribas Cardif complies with this new regulation in terms of its risk management, governance, calculation and reporting requirements.

The data relating to Solvency II are available in the Solvency and Financial Conditions Report of the BNP Paribas Cardif Group which is published on line on the Issuer institutional website (<https://www.bnpparibascardif.com>).

Solvency II specifies two capital requirements:

- the Solvency Capital Requirement (**SCR**);
- the Minimum Capital Requirement (**MCR**), or Minimum Solvency Capital Requirement for groups.

The SCR is the level of own funds required to absorb a full series of bicentenary impacts after accounting for the correlation between risks. It is calibrated to cover such an event with a return period of 200 years within a one-year timescale (Value at Risk at 99.5%).

The BNP Paribas Cardif SCR is evaluated by means of the standard formula. It corresponds to the sum of the net BSCR (Basic SCR), of the operational SCR, and the tax adjustment. The BSCR is based on a bottom-up approach, in other words its calculation is divided into risk modules, themselves divided into sub-modules. The capital requirements for each of the various risks are aggregated by means of a correlation matrix.

As at 31 December 2016, eligible own funds stood at 10,446 million Euros, 70% of which were Tier 1 own funds. The amount of SCR was 7,163 million Euros and the amount of SCR Group Minimum was 3,287 million Euros. The SCR and SCR Group Minimum coverage ratios were 146% and 241% respectively<sup>17</sup>.

The SFCR as at 31st December 2017 will be published on 17<sup>th</sup> June 2018 and will be available on the website of the Issuer ([www.bnpparibascardif.com](http://www.bnpparibascardif.com)).

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<sup>17</sup> Source SFCR BNPPC 2016

## **5.6 Risk management and Investment policies**

### **5.6.1 BNP Paribas Cardif Group risk management system**

Risk management is a process that allows to identify, gauge, monitor, manage and report on the risks arising from both outside BNP Paribas Cardif Group and intrinsically from within. The objective is to guarantee the solvency, the continuity of business and the development of BNP Paribas Cardif Group under satisfactory conditions of risk and profitability.

BNP Paribas Cardif Group has to have the necessary projection skills in order to assess risk and solvency indicators as per the Solvency II framework, to build its economic assessment, to study asset and liability management, and to conduct stress tests.

Within the framework of the provisions of Article L.354-2 of the French *Code des assurances*, every year BNP Paribas Cardif Group conducts a forward-looking assessment of its solvency and risks, particularly:

- the ascertaining and evaluation of capital requirement specific to the risk profile;
- the level of capital that BNP Paribas Cardif Group wishes to hold to cover this specific regulatory capital requirement;
- the forward-looking solvency ratios within the framework of the medium-term plan; and
- the resilience of these ratios in the event of stress tests.

Depending on the solvency ratio levels observed and the forecasts made under ORSA, remedial actions may be undertaken to adjust own capital.

The risk typology adopted by BNP Paribas Cardif Group is changing in pace with methodological work and regulatory requirements; it is presented according to the main categories as follows:

- underwriting risk;
- market risk;
- credit risk; and
- liquidity risk.

BNP Paribas Cardif Group's capital management policy aims to ensure an optimised and sufficient capital structure, to satisfy prudential requirements and to guarantee adequate financial resilience. To ensure it has sufficient capital, BNP Paribas Cardif Group applies the following principles:

- maintaining capital at an appropriate level geared to the Company's activity, its risk profile, growth, strategic initiatives and regulatory requirements;
- shaping an optimal prudential capital according to the different types of capitals, while abiding by the limits and levels laid down by regulations;
- forecasting capital requirements and ascertaining their allocation.

BNP Paribas Cardif Group adopts the transitional arrangements with regard to the qualification of own funds but has chosen to take a target position for calculating the SCR.

The Capital Management Policy of BNP Paribas Cardif Group aims notably to ensure the prudential solvency requirement are met, to cover at least 100% of the SCR defined within the scope of the ORSA assessment and to structure own funds so that the best balance can be found between the share capital, subordinated debt and other own funds elements, complying with the limits and levels laid down by regulations.

Depending on the levels of solvency ratios observed and the forecasts made under ORSA, remedial actions to adjust the capital may be initiated.

Risk management is governed by committees described in part B System of Governance of the Solvency and Financial Condition Report available on BNP Paribas Cardif institutional site.

## 5.6.2 Market risks

Market risk arises mainly in the Savings business, where technical reserves represent over 95% of the insurance subsidiaries' liabilities.

Interest rate risk management for the insurance funds and the asset diversification policy have driven investment in real estate assets, equities and fixed-income securities, including government bonds particularly in the euro zone countries.

### a) Interest rate risk

In France, to cover future potential financial losses, estimated over the lifetime of the policies, a provision for future adverse deviation (*provision pour aléas financiers*) is booked when total amount of technical interest plus the guaranteed return payable to policyholders through technical reserves is not covered by 80% of the return on the admissible assets. No provision for future adverse deviation was booked at 31 December 2016, 2015, and 2014, as the returns guaranteed by the insurance subsidiaries are low and the guarantees are for short periods, resulting in only limited exposure.

### b) Liquidity risk

Liquidity risk is managed centrally by the BNP Paribas Cardif Asset/Liability Management unit. Regular asset-liability matching reviews are performed to measure and manage the financial risks, based on medium and/or long-term income statement and balance sheet projections prepared according to various economic scenarios. The results of these reviews are analysed in order to determine any adjustments to restrictions of assets allocation (through strategic allocation, diversification, use of derivatives, etc.) that are required to reduce the risks arising from changes in interest rates and asset values.

### c) Spread risk

Cardif Assurance Vie has a balanced spread of bond exposure between sovereign risk and corporate risk. Limits by issuer and rating type (investment grade, non-investment grade) are monitored regularly. Issuer credit quality is also reviewed frequently. There is little exposure (less than 10%) to sovereign risk in the peripheral euro zone countries. Euro zone portfolios focus on issuers with an average rating of A or better.

## MAIN GENERAL FUND OF BNP PARIBAS CARDIF GROUP IN FRANCE – BOND EXPOSURE BY COUNTRY

In millions of euros	31 december 2016												31 december 2015	
	Govies		Agencies & supra sovereign		Financial corporate		Covered		Other corporate		Total		Total	
	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value
By country														
France	15,942	18,816	2,011	2,500	9,892	10,606	2,460	2,906	3,557	3,957	33,861	38,786	35,033	39,622
Italy	5,325	6,298	272	290	1,133	1,266	808	918	1,182	1,268	8,720	10,039	8,580	10,313
Netherlands	1,047	1,286	102	126	2,707	3,057	36	43	1,393	1,494	5,285	6,007	3,732	4,288
Spain	2,811	3,277	-	-	427	446	696	813	351	368	4,286	4,904	4,491	5,075
Germany	701	928	24	30	351	340	-	-	178	190	1,255	1,487	2,244	2,551
Austria	1,556	1,855	-	-	-	-	-	-	-	-	1,556	1,855	1,562	1,895
Belgium	3,178	3,932	16	19	5	5	-	-	334	354	3,533	4,310	3,443	4,102
United Kingdom	-	-	-	-	3,968	4,338	83	97	372	387	4,422	4,822	2,602	2,877
Ireland	783	926	-	-	552	590	104	115	76	79	1,515	1,709	1,362	1,464
United States	-	-	-	-	3,364	3,447	52	52	1,383	1,488	4,799	4,987	3,708	3,829
Portugal	186	197	-	-	-	-	-	-	-	-	186	197	315	342
Others	984	1,150	1,279	1,576	1,580	1,721	27	30	1,010	1,141	4,879	5,618	5,600	6,224
<b>TOTAL</b>	<b>32,513</b>	<b>38,665</b>	<b>3,705</b>	<b>4,541</b>	<b>23,978</b>	<b>25,816</b>	<b>4,265</b>	<b>4,974</b>	<b>9,836</b>	<b>10,726</b>	<b>74,297</b>	<b>84,721</b>	<b>72,674</b>	<b>82,582</b>



## MAIN GENERAL FUND OF BNP PARIBAS CARDIF GROUP IN FRANCE – BOND EXPOSURE BY EXTERNAL RATING

In millions of euros	31 December 2016												31 December 2015	
	Govies		Agencies & supra sovereign		Financial corporate		Covered		Other corporate		Total		Total	
By external rating	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value
AAA	1748	2,215	877	1,107	635	684	2,130	2,541	18	21	5,408	6,567	5,943	7,143
AA+	1625	1933	-	-	-	-	397	424	198	216	2,220	2,573	2,012	2,453
AA	16,005	18,884	1325	1639	-	-	844	983	142	159	18,316	21,665	18,724	21,531
AA-	3,209	3,963	826	1021	1,755	1,975	-	-	1309	1,435	7,099	8,395	6,279	7,326
A+	180	213	152	201	4,965	5,555	186	225	933	1,028	6,415	7,221	6,956	7,669
A	882	1032	174	206	6,691	7,047	144	163	766	830	8,657	9,269	7,998	8,619
A-	541	654	-	-	3,359	3,531	258	287	2,305	2,599	6,462	7,070	6,711	7,274
BBB+	2,708	3,163	78	76	2,761	2,944	272	318	2,663	2,859	8,483	9,360	7,147	7,847
BBB	5,298	6,267	272	290	2,172	2,314	36	43	949	996	8,726	9,911	8,167	9,742
BBB-	130	144	-	-	542	588	-	-	163	174	835	906	1,020	1,104
BB+	186	197	-	-	482	536	-	-	122	126	790	859	936	1,031
BB	-	-	-	-	137	157	-	-	-	-	137	157	248	271
BB-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B+	-	-	-	-	-	-	-	-	120	124	120	124	231	237
NR	-	-	-	-	490	485	-	-	149	161	629	645	302	333
<b>TOTAL</b>	<b>32,513</b>	<b>38,665</b>	<b>3,705</b>	<b>4,541</b>	<b>23,978</b>	<b>25,816</b>	<b>4,265</b>	<b>4,974</b>	<b>9,836</b>	<b>10,726</b>	<b>74,297</b>	<b>84,721</b>	<b>72,674</b>	<b>82,582</b>

### d) Change in the value of assets

BNP Paribas Cardif has a mitigated exposure to the risk of a fall in asset values (interest rate, spread, equities, real estate) due to the mechanism of mathematical reserves on investment contracts with discretionary participation feature.

## MAIN GENERAL FUND OF BNP PARIBAS CARDIF GROUP IN FRANCE – UNREALISED GAINS AND LOSSES

In millions of euros	31 December 2016	31 December 2015
Govies	6,152	5,862
Agencies & supra sovereign	836	814
Financial corporate	1,838	1,621
Covered	709	838
Other corporate	889	773
<b>TOTAL BONDS</b>	<b>10,424</b>	<b>9,908</b>
Equity	2,868	2,499
Real estate	1,453	728
Alternatives	142	190
Other	508	241
<b>TOTAL OTHER ASSETS</b>	<b>4,971</b>	<b>3,658</b>
<b>TOTAL</b>	<b>15,395</b>	<b>13,566</b>

### 5.6.3 Insurance risks

Underwriting risk arises mainly in the savings business in connection with the surrender risk and the protection business mainly on creditor insurance. There are three types of underwriting risk:

#### a) Surrender risk

Savings contracts include a surrender clause allowing policyholders to request reimbursement of all or part of their accumulated savings. The Issuer is exposed to the risk of surrender volumes being higher than the forecasts used for ALM purposes, which may force it to sell assets at a loss if so.

The surrender risk is limited, however, as:

- policyholder behaviour is monitored on an ongoing basis, in order to regularly align the duration of assets with that of the corresponding liabilities and reduce the risk of abrupt, large-scale asset sales. Changes in assets and liabilities are projected over periods of up to forty years, in order to identify mismatches giving rise to a liquidity risk.

- these analyses are then used to determine the choice of maturities for new investments and the assets to be sold. Short-term (one year) liquidity analyses are also carried out, which include various surrender rate increase assumptions to ensure that the group can withstand stress situations ;
- in addition to the guaranteed return, policyholders are paid participation benefits that raise the total return to a level in line with market benchmarks.
- these participation benefit, which are partly discretionary, reduce the risk of an increase in surrender rates in periods of rising market interest rates. The policyholders' surplus reserve is the mechanism in France that enables the surplus actually paid out to be pooled and spread between generations of policyholders;
- the return on financial assets is protected mainly through the use of hedging instruments.

In 2016, BNP Paribas Cardif Group generated 2.7 billion Euros of net inflows on the general funds in France and internationally.

*b) Savings – unit-linked contracts with a guaranteed minimum benefit*

The insurer's liability is backed by corresponding assets, used as a reference value. The match between unit-linked liabilities and the related assets is controlled at monthly intervals.

Certain unit-linked contracts include whole life covers providing for the payment of a death benefit at least equal to the cumulative premiums invested in the contract, whatever the conditions on the financial markets at the time of the insured's death. The risk on these contracts is both statistical (probability of a claim) and financial (market value of the units).

The capital guarantee is generally subject to certain limits. In France, for example, most contracts limit the guarantee to one year (renewable annually) and a maximum of 765,000 Euros per insured. In addition, the guarantee is not normally available beyond the insured's 80<sup>th</sup> birthday.

The minimum guaranteed benefit reserve is (re)assessed every quarter and takes into account the probability of death, based on a deterministic scenario, and stochastic analyses of changing financial market prices.

The reserve amounted to 6.4 million Euros at 31 December 2016 (versus 7.3 million Euros at 31 December 2015).

*c) Protection*

These risks result mainly from the sale of creditor insurance, as well as personal risk insurance (individual death and disability, extended warranty, theft, accidental damage, and annuity policies in France), with geographic coverage in many countries.

Creditor insurance mainly covers death, disability, critical illness, loss of employment and financial loss risks for personal loans and mortgage loans. The insurance book comprises a very large number of policies representing low risks and low premiums. Margins depend on the size of the insurance book, effective pooling of risks and tight control of administrative costs. The term of these contracts is usually equal to the term of the underlying loan and the premium is either deducted once upon issuance of the policy (single premium) or deducted regularly throughout the term of the policy (regular or periodic premiums).

Other contracts (individual death and disability, extended warranty, theft, accidental damage, and annuity policies in France) are either for personal risk (death, accidental death, hospitalisation, critical illness, and healthcare expenses) or property & casualty risk (accidental damage, breakdown or theft of consumer goods or vehicles). The individual sums insured under these contracts are generally low whether they are indemnities or lump-sum payment.

Lastly, principally through joint ventures in France and Italy, motor contracts (material damage, civil liability) and comprehensive household contracts are also underwritten. The Group is also developing this type of insurance coverage in Latin America.

The actuarial oversight system set up to prevent and control actuarial risks in France and internationally is based on guidelines and tools that describe (i) the principles, rules, methods and best practices to be followed by each actuary throughout the policies' life cycle, (ii) the tasks to be performed by the actuaries and their reporting obligations and (iii) practices that are excluded or that are allowed only if certain conditions are met.

Risks underwritten must comply with delegation limits set at various local and central levels, estimated maximum acceptable losses, estimated Solvency II capital requirements and estimated margins on the policies concerned. The experience acquired in managing geographically diversified portfolios is used to regularly update risk pricing databases comprising a wide range of criteria such as loan type for creditor insurance, the type of guarantee and the insured population. Each contract is priced by reference to the profitability and return-on-equity targets set by the Executive Management of BNP Paribas Cardif Group.

Reinsurance is a complementary element of the underwriting risk management system. Its objective is to protect BNP Paribas Cardif Group against three main risks:

- so-called “peak” risk from exposure to an individual risk exceeding a certain threshold, called “full retention”. In personal insurance, this threshold is currently set at 2 million Euros per life. The reinsurance of peak risk may take the form of surplus or excess of loss treaties;
- the catastrophe risk associated with exposure to a single low occurrence event, but very strong financial impact (concentration risk). This risk can be reinsured in the form of a catastrophe excess of loss treaty;
- risk on new products, linked to insufficient pooling, lack of mastery of the technical foundations or uncertainty on beneficiaries' data. This risk can be reinsured in the form of quota share, stop loss or excess of loss treaties, depending on the level of risk identified.

Risk exposures are monitored periodically by BNP Paribas Cardif's Executive Committee in Commitment Monitoring Committees and Risk Committees, based on a two-prong approach:

- quarterly monitoring of loss ratios at each accounting quarter end;
- supplemented by monitoring of the portfolio characteristics according to a schedule based on the type of product (monthly, quarterly and annually).

Claims experience for annuity contracts are based on mortality tables applicable under insurance regulations, adjusted in some cases by portfolio specific data which is certified by independent actuaries. Annuity risks are low.

Underwriting risks are covered by various technical reserves:

- the mathematical reserves in Life policy underwriting;
- the unearned premiums reserves for non-Life underwriting, generally calculated on an accruals basis, possibly supplemented by reserves for current risks;
- the reserves for increasing risk in certain cases (long-term policies with constant periodic premiums and increasing risk);
- the outstanding claims reserves, determined by reference to reported claims;
- the IBNR (claims incurred but not reported) reserves, determined on the basis of either observed settlements or the expected number of claims and the average cost per claim;
- the reserves for claims management, generally calculated pro rata to the claims reserves.

The level of prudence adopted for the overall assessment of claims incurred but not reported corresponds to the 90% quantile.

## **5.7 Material Contracts**

The BNP Paribas Cardif Group has outsourced some of its activities that have been identified as important and/or critical, and that are part of key operational processes. Those sub-contracted activities are mainly related to administration and management services of insurance contract processing systems, continuity of operation activities, and archiving processes as well as asset management, back office and financial assets accounting.

As at 31 December 2016, BNP Paribas Cardif had a 46.2 million Euros debt *vis à vis* GIE BNP Paribas Cardif.

## **5.8 Ratings**

BNP Paribas Cardif Group is rated by Standard & Poors.

- BNP Paribas Cardif: Issuer Credit Rating is A-.
- Cardif Assurance Vie, its main life subsidiary: Financial Strength Rating and Issuer Credit Rating is A.
- Cardif Assurances Risques Divers, its main non-life subsidiary: Financial Strength Rating and Issuer Credit Rating is A.

Cardif Assurance Vie and Cardif Assurances Risques Divers have accordingly the same issuer credit ratings as BNP Paribas S.A.

## **6. Litigation and Arbitration Proceedings**

As of the date of this Prospectus, the Issuer is not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have, or have had during the period of 12 months immediately preceding the date of this Prospectus, a significant effect on the Issuer's or the BNP Paribas Cardif Group's financial condition or profitability.

## **7. Statutory auditors**

Principal auditors:

Since 14 May 2007 and for a period of 6 years ending on 31 December 2012 – Mandate renewed on 14 May 2013 and for a period of 6 years ending on 31<sup>st</sup> December 2018:

PRICEWATERHOUSECOOPERS AUDIT, 63, rue de Villiers 92208 Neuilly sur Seine Cedex, and represented by Frédéric Trouillard Mignen (in replacement of Michel Laforce as from April 2017) and Patrice Morot.

Since 11 May 2012 and for a period ending on 31 December 2014 - Mandate renewed on 11 May 2015 for a period ending on 31 December 2020:

DELOITTE ET ASSOCIES, 185, avenue Charles de Gaulle 92524 Neuilly-sur-Seine Cedex, and represented by Jérôme Lemierre.

Substitute auditors:

Since 14 May 2013 and for a period of 6 years ending on 31 December 2018:

Anik Chaumartin, 63, rue de Villiers 92208 Neuilly sur Seine, Cedex.

Since 11 May 2012 and for a period ending on the 31 December 2014 with a mandate renewed on 11 May 2015 for a period ending on 31 December 2020:

BEAS, 195, avenue Charles de Gaulle 92200 Neuilly sur Seine Cedex, and represented by Mireille Berthelot.

## 8. Recent developments

### 8.1 Main 2017 operations

Over the past 12 months, continuing its diversifying strategy in protection, BNP Paribas Cardif Group has announced two main transactions:

- On 11 November 2016, the Issuer and Matmut announced a strategic alliance with the creation of a joint venture in property and casualty insurance, **Cardif IARD**. The new company, which is to be 66% owned by BNP Paribas Cardif and 34% by Matmut, will be specialized in property and casualty insurance.
- On 26 July 2017, the Issuer announced the signature of an agreement with the company Ageas to take full ownership of Cargeas Assicurazioni (**CARGEAS**), a major non-life bancassurance provider in Italy. BNP Paribas Cardif (50% - 1 share) and Ageas (50% + 1 share) have jointly owned CARGEAS, a company selling health, homeowner, automobile and creditor insurance to both individuals and businesses in Italy. The two shareholders in this joint-venture have expanded CARGEAS' business in Italy since 2009, developing non-life insurance products and services such as automobile and homeowner cover. In 2016, CARGEAS had gross written premiums of 227 million Euros and recorded a net profit under IFRS of 44 million Euros. This transaction is subject to regulatory approval and is expected to be finalised by the end of the year.

In September 2017, SBI Life, the leading private insurance company in India, completed its initial public offering on the Bombay Stock Exchange and the National Stock Exchange of India. 12% of SBI Life ordinary shares were listed, 4% of which were tendered by BNP Paribas Cardif. 4% out of the 26% initially held by BNP Paribas Cardif were sold resulting in realized gains on equity amounting to 326 million Euros under IFRS<sup>18</sup>. Following the offer, BNP Paribas Cardif held a 22% stake in SBI Life.

In terms of capital management the issuer redeemed two subordinated debts (respectively of 753 million Euros and 710 million Euros of nominal value) and replaced them by two new full Tier 2 instruments (respectively of 760 million Euros and 710 million Euros of nominal value) in a low yield environment.

Moreover the Issuer will pay an interim dividend of 345 million Euros to its shareholder before the year end 2017, based on the realized gains made through the initial public offer of its Indian subsidiary SBI Life that are accounted for in its statutory statements.

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<sup>18</sup>

Amount recorded in BNP Paribas Consolidated Financial Statements

## **8.2 Contribution to the BNP Paribas Group results as at 30 September 2017**

For the first nine months of the year, the revenues of the BNP Paribas Group insurance business, at 1,878 million Euros, were up by 7.6% compared to the first nine months of 2016. The business recorded the effect of the positive trend of the markets as well as a good performance of the business, in particular Protection Insurance and Savings. At 934 million Euros, operating expenses rose by 5.4%, in connection with good business development.

The other non-operating items totalled 326 million Euros (negligible in the first nine months of 2016). The business carried out this quarter the initial public offering on excellent terms of SBI Life<sup>19</sup>, a major player in life insurance in India, thus valuing 2 billion Euros<sup>20</sup> the remaining 22% stake (which continues to be consolidated under the equity method). The capital gains from the sale of 4% of SBI Life had an exceptional impact of 326 million Euros.

Pre-tax income was thus up sharply by 42.3% compared to the same period last year, at 1,442 million Euros.

From now, the Group is subject to an exceptional contribution on corporate income tax.

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<sup>19</sup> Sale of a 4% stake at 700 rupees per share (IPO share price)

<sup>20</sup> Based on the IPO share price

## TAXATION

*The following is a general description of certain tax considerations relating to the Notes in France, Luxembourg and the United-States. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries.*

*This description is based upon the law as in effect on the date of this Prospectus and is subject to any change in law and/or interpretation thereof that may take effect after such date (potentially with a retroactive effect).*

### 1. FRANCE

*The following may be relevant to Noteholders who do not concurrently hold shares in the Issuer.*

#### ***Withholding taxes on payments made outside France***

Payments of interest and other revenues made by the Issuer with respect to the Notes are not subject to the withholding tax provided under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a **Non Cooperative State**). If such payments under the Notes are made outside France in a Non-Cooperative State, a 75 per cent. withholding tax will be applicable (subject to certain exceptions and to the provisions of an applicable double tax treaty).

Furthermore, in application of Article 238 A of the French *Code général des impôts*, interest and other revenues on such Notes will not be deductible from the Issuer's taxable income if they are paid or accrued to persons established or domiciled in a Non-Cooperative State or paid to an account held with a financial institution established in a Non-Cooperative State (the **Deductibility Exclusion**). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Articles 109 *et seq.* of the French *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts*, at a rate of 30 per cent. (provided, however, that the Finance Bill for 2018 currently being discussed before the French Parliament provides for the implementation of a 12.8 per cent. withholding tax for individuals who are not French tax residents for payments of interest and other revenues recharacterised as constructive dividends as mentioned above made as of January 1, 2018, while maintaining the above mentioned 30 per cent. withholding tax for legal persons which are non-French tax residents) or 75 per cent. (subject to certain exceptions and to the provisions of an applicable double tax treaty).

Notwithstanding the foregoing, neither the 75 per cent. withholding tax set out under Article 125 A III of the French *Code général des impôts* nor, to the extent that the interest and other revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, the Deductibility Exclusion will apply in respect of the Notes if the Issuer can prove that the principal purpose and effect of the issue of the Notes was not that of allowing the payments of interest and other revenues to be made in a Non Cooperative State (the **Exception**). Pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* BOI-INT-DG-20-50-20140211 no. 550 and 990, BOI-RPPM-RCM-30-10-20-40-20140211 no. 70 and 80 and BOI-IR-DOMIC-10-20-20-60-20150320 no. 10, the Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Notes, if the Notes are *inter alia* admitted, at the time of their issue, to the operations of a central depository or of a securities delivery and payments systems operator within

the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositaries or operators provided that such depositary or operator is not located in a Non-Cooperative State.

Consequently, payments of interest and other revenues made by the Issuer under the Notes will not be subject to the 75 per cent. withholding tax set out under Article 125 A III of the French *Code général des impôts* and the Deductibility Exclusion will not apply to such payments.

#### ***Withholding taxes on payments made to individuals fiscally domiciled in France***

Pursuant to Article 125 A I of the French *Code général des impôts* and subject to certain exceptions, interest and other similar revenues received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 24 per cent. (pursuant to the Finance Bill for 2018, this rate could be decreased to 12.8 per cent. as from 2018) withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding at an aggregate rate of 15.5 per cent. (pursuant to the Social Security Financing Bill for 2018, this rate could be increased to 17.2 per cent. as from 2018) on such interest and other similar revenues received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

## **2. LUXEMBOURG TAXATION**

*The following information is a general description of certain Luxembourg tax considerations relating to the Notes. It specifically contains information on taxes on the income from the Notes withheld at source and provides an indication as to whether the Issuer assumes responsibility for the withholding of taxes at the source. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Luxembourg or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of Luxembourg. This information is based upon the law as in effect on the date of this Prospectus. The information contained within this section is limited to withholding taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.*

*Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.*

### **2.1 Non Luxembourg tax resident Noteholders**

Under Luxembourg general tax laws currently in force there is no withholding tax on payments of principal, premium or interest made to non-resident Noteholders, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident Noteholders.

### **2.2 Luxembourg resident Noteholders**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the **Relibi Law**), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident Noteholders, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident Noteholders.



Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Relibi Law would be subject to 20 per cent withholding tax.

### **3. U.S. FOREIGN ACCOUNT TAX COMPLIANCE ACT**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including France) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. However, if additional notes (as described under “Terms and Conditions—Further Issue”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## SUBSCRIPTION AND SALE

Banca IMI S.p.A., Banco Santander, S.A., BNP Paribas, ING Bank N.V. Belgian Branch and UniCredit Bank AG (the **Joint Lead Managers**) have, pursuant to a subscription agreement (the **Subscription Agreement**) dated 27 November 2017 agreed with the Issuer, subject to satisfaction of certain conditions, to procure subscribers for the Notes or subscribe at the issue price of 99.203% of the total principal amount of the Notes, less a combined management and underwriting commission agreed between the Issuer and the Joint Lead Managers. The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment being made to the Issuer.

### General selling restrictions

No action has been taken or will be taken by the Joint Lead Managers that would, or is intended to, permit a public offering of the Notes or the possession or distribution of this Prospectus or any other offering material in relation to the issue of the Notes in any country or jurisdiction where action for that purpose is required.

Each of the Joint Lead Managers has represented, warranted and agreed that it will comply with all applicable laws and regulations in force in any jurisdiction in or from which it purchases, offers or sells Notes or possesses or distributes the Prospectus (as supplemented and amended as the case may be) or any part of it or any other offering material relating to the Notes, and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes such purchases, offers or sales. None of Joint Lead Manager who has complied with such representation shall have any responsibility for any breach of such representation by another Joint Lead Manager.

None of the Joint Lead Managers will offer, sell or deliver, directly or indirectly, any Notes or distribute the Prospectus or any offering material in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and which will not impose any obligations on the Issuer and all offers, sales and deliveries of Notes and distributions of the Prospectus or any offering materials relating to the Notes by each of the Joint Lead Managers will be made on the same terms.

Neither the Issuer nor any of the Joint Lead Managers represent that the Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. This Prospectus does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken in any jurisdiction that would permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required.

### United States of America

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may not be offered or sold, directly or indirectly, in the United States, or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph and not otherwise defined in the Prospectus have the meanings given to them by Regulation S under the Securities Act (**Regulation S**).

Each of the Joint Lead Managers has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, the Notes (a) as part of their distribution at any time or (b) otherwise until forty (40)

calendar days after the later of the commencement of the offering and the closing date of the offering, in the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each distributor or dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

The Notes are being offered and sold only outside the United States to non-U.S. persons in compliance with Regulation S and U.S. tax law.

In addition, until forty (40) calendar days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

### **United Kingdom**

Each of the Joint Lead Managers has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in an investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of any Notes only under circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **France**

Each of the Joint Lead Managers and the Issuer has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France the Prospectus or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), acting for their own account, other than individuals, all as defined in, and in accordance with, Articles L. 411-1, L. 411-2 and D. 411-1 of the French *Code monétaire et financier*.

## GENERAL INFORMATION

1. Application has been made for the Notes to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF Market.
2. The Notes have been accepted for clearance and settlement through Euroclear France, Clearstream and Euroclear with the Common Code number 172629148. The International Securities Identification Number (**ISIN**) for the Notes is FR0013299641. The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Brussels, Belgium, the address of Clearstream is 42 avenue John Fitzgerald Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg and the address of Euroclear France is 66 rue de la Victoire, 75009 Paris.
3. Except as disclosed in this Prospectus on pages 77 and 78, there has been no significant change in the financial or trading position of the Issuer and the Group since 31 December 2016.
4. There has been no material adverse change in the prospects of the Issuer and the Group since 31 December 2016.
5. The Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened and of which the Issuer is aware) during the twelve (12) months preceding the date of approval of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or the Group.
6. The issue of the Notes was decided by Mr. Renaud Dumora, Chief Executive Officer (*Directeur Général*) of the Issuer on 23 November 2017 acting pursuant to a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer adopted on 28 September 2017.
7. Except as disclosed in this Prospectus on page 76, there are, at the date of this Prospectus, no material contracts that are not entered into in the ordinary course of the Issuer's business, which could result in any member of the Issuer's Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.
8. At the date of this Prospectus, there are no conflicts of interest which are material to the issue or offer of the Notes between the duties of the members of the Board of Directors to the Issuer and their private interests and/or their other duties. The Joint Lead Managers are paid commissions in relation to the issue of the Notes. Any such Joint Lead Manager and its affiliates may also have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.
9. To the knowledge of the Issuer, no person involved in the issue of the Notes has an interest material to the Issue.
10. For as long as the Notes are outstanding the following documents will be available during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), at the office of the Issuer, the Fiscal Agent and the Paying Agent:
  - (a) this Prospectus;
  - (b) the Agency Agreement;
  - (c) the *statuts* of the Issuer; and

(d) each of the Documents Incorporated by Reference.

The Prospectus and all Documents Incorporated by Reference will be published on the websites of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and the Issuer ([www.bnpparibascardif.com](http://www.bnpparibascardif.com)).

11. As of the date of this document, the Issuer does not establish semi-annual accounts.
12. The statutory auditors of the Issuer are Deloitte & Associés (185, avenue Charles de Gaulle, 92524 Neuilly-sur-Seine Cedex, France) and PricewaterhouseCoopers Audit (Crystal Park, 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France) (both entities are regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *Commissaires aux Comptes*). Deloitte & Associés and PricewaterhouseCoopers Audit are registered with the *Compagnie Régionale des Commissaires aux Comptes de Versailles* which is supervised by the *Compagnie Nationale des Commissaires aux Comptes*. They have audited and rendered unqualified audit reports on the consolidated financial statements of the Issuer for each of the fiscal years ended 31 December 2015 and 31 December 2016.
13. The yield of the Notes, calculated from the Issue Date is 1.119% *per annum*. It is not an indication of future yield.

## **REGISTERED OFFICE OF THE ISSUER**

### **BNP PARIBAS CARDIF**

1, boulevard Haussmann  
75009 Paris  
France

## **STRUCTURING ADVISOR, GLOBAL COORDINATOR AND SOLE BOOKRUNNER**

### **BNP PARIBAS**

10 Harewood Avenue  
London NW1 6AA  
United Kingdom

## **JOINT LEAD MANAGERS**

### **BANCA IMI S.P.A**

Largo Mattioli, 3  
20121 Milan  
Italy

### **BANCO SANTANDER, S.A.**

Ciudad Grupo Santander  
Edificio Encinar  
Avenida de Cantabria s/n  
28660, Boadilla del Monte  
Madrid  
Spain

### **BNP PARIBAS**

10 Harewood Avenue  
London NW1 6AA  
United Kingdom

### **ING BANK N.V. BELGIAN BRANCH**

Avenue Marnix 24  
1000 Brussels  
Belgium

### **UNICREDIT BANK AG**

Arabellastrasse 12  
D-81925 Munich  
Germany

## **FISCAL AGENT AND PAYING AGENT**

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