



BNP PARIBAS
WEALTH MANAGEMENT

Product Agreement– Upside FRN on AXA SA

Final Documentation
April 17th, 2013

Currency	EUR
Maturity	5 years
Capital guarantee at maturity?	No

Investment context

A Credit Linked Note is the collateralized form of a Credit Default Swap and it can be issued as an EMTN or a Certificate. The Credit Linked Note issued by BNP Paribas is a product that offers investors an access to credit markets through AXA SA. The Notes will pay a floating or a fixed coupon and redeem at par on the Maturity Date provided that there is no Credit Event on the Reference Entity.

If there is a Credit Event on the Reference Entity, capital and coupon are at risk. Indeed, no more coupon will be paid and the Notes will be early redeemed at the Auction Settlement price (recovery rate) times their nominal amount. This product is addressed only to investors who:

- Are already experienced in structured investments and familiar to the inherent risk specific to this financial asset class,
- Have a very good knowledge of the financial markets and the underlying entities to whose credit risk they are exposed,
- Are aware that the investment horizon of the product corresponds to its maturity, as liquidity risks are not to be excluded in abnormal market conditions.

Features

• Type of product	UPSIDE AXA SA FRN
• Issuer	BNP Paribas SA
• Dealer	BNP Paribas UK Limited (A+/A2)
• Issue Form	EMTN
• ISIN Code	XS0923309230
• Issue Date	21/05/2013
• Maturity Date	04/07/2018
• Currency	EUR
• Nominal Amount	EUR 1,000,000
• Nominal Amount per Denomination (N)	EUR 1,000
• Minimum trading size	EUR 10,000
• Public offer	Yes - Luxembourg
• Underlying Reference Entity	AXA SA (S&P A- / Moody's A2)
• Coupon	As long as no Credit Event occurs on the Reference Entity If 3month Euribor fixes below Strike Level then [3month Euribor + 1.65%] p.a. Otherwise Upside Coupon In case of Credit Event, no more coupon & no accrued will be paid.
• Strike Level	1.00%
• Upside Coupon	5.00% p.a.
• Coupon Payment Dates	Quarterly, 30/360
• Redemption	If no Credit Event occurs: 100% If a Credit Event occurs: Auction Settlement Amount (recovery rate), determined through Auction Settlement or Fallback Method American (on default)
• Settlement	
• Financing Ratio	75%, subject to a credit facility prior approval, ratio been subject to modification without any prior notice

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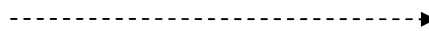
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Mechanism

- As long as no Credit Event occurs, the Upside AXA SA FRN pays a quarterly floating coupon of (3-Month Euribor + 1.65%) p.a. as long as the underlying fixes below the pre-determined Strike Level and is redeemed at 100% at maturity.
- Otherwise the client receives the Upside Coupon unless there is a Credit Event on the Reference Entity.
- In case of Credit Event, no more coupon will be paid and the investor will receive, the recovery rate on the underlying Reference Entity (determined by Auction or fallback settlement method)

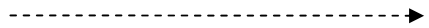
How it works: no Credit Event

A quarterly coupon is paid



If 3month Euribor < 1.00% then
[3month Euribor+1.65%] p.a.
Otherwise 5.00% p.a.

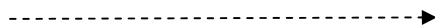
At maturity, the investor receives his capital back



100%

How it works: in case of Credit Event

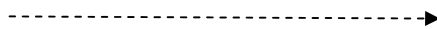
A quarterly coupon is paid until the Credit Event



If 3month Euribor < 1.00% then
[3month Euribor+1.65%] p.a.
Otherwise 5.00% p.a.

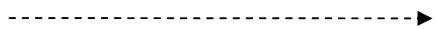


No more coupon is paid



0%

The Recovery Rate is determined by Auction. After the Auction, the investor receives the recovery rate on the underlying Reference Entity



Recovery Rate



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Cases of Credit Event

The below definitions are non exhaustive. Actual Credit Events are defined by ISDA (International Swap and Derivatives Association).

Please refer to the termsheet of indicative terms and conditions, which refers to and incorporates the definitions and provisions contained in the 2003 ISDA Credit Derivatives Definitions as supplemented by the May 2003 Supplement (the "Credit Derivatives Definitions")

- **Bankruptcy:** Bankruptcy occurs when the Reference Entity has been dissolved or becomes insolvent. To constitute a Bankruptcy Credit Event, the 2003 ISDA Definitions require, for example, the commencement of some formal bankruptcy proceeding, or an admission in writing of a general inability to repay debts, and that such admission be part of a judicial, regulatory or administrative proceeding or filing
- **Failure to Pay:** This Credit Event refers to a failure by the Reference Entity to pay any Obligation when and where due. A Failure to Pay only occurs after the expiration of any applicable grace period, and is subject to a materiality threshold (the Payment Requirement) of USD 1 million.
- **Restructuring:** This Credit Event refers to one or more of the following situations: (i) Reduction of interest rate or amount; (ii) Reduction of principal amount; (iii) Postponement of interest or principal payments; (iv) Change in an Obligation's seniority resulting in subordination; (v) Change in the currency of interest or principal payments to currencies other than a permitted currency. In addition to such five occurrences, the Credit Derivatives Definitions also require the following in order to constitute a Restructuring Credit Event: (i) the event must be associated with a credit deterioration of the Reference Entity; (ii) a Restructuring must be binding on all holders of the Obligation, and (iii) Restructuring is subject to a materiality threshold (the Default Requirement) of USD 10 million.
- **Repudiation/Moratorium :** This refers to situations where an authorised officer of the Reference Entity, or a government authority, refuses to honour Obligations or imposes a moratorium preventing an entity from making payments. This Credit Event will only be triggered if it is followed by a Failure to Pay or Restructuring within a certain period of time. The determination of Failure to Pay or Restructuring in this case, however, is not subject to any materiality thresholds.
- **Obligation Acceleration :** This occurs when one or more Obligations of the Reference Entity become due and payable prior to maturity because of an event of default occurring under such Obligation.



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Scenarii

1) Favourable Scenario

There is no Credit Event on the Reference Entity during the life of the product. The investor receives a floating coupon till maturity and his capital at maturity.

Quarter i (i = 1...20)	Q1	Q2	...	Q20
3-Month Euribor	0.25%	0.50%	...	1.25%
Coupon (expressed in annual basis)	[3M Euribor + 1.65%]	[3M Euribor + 1.65%]	...	5.00%
Redemption	-	-	-	100%

2) Unfavourable Scenario

Example :

A Credit Event occurs after 5 months. No coupon is paid and the investor bears a loss in capital.

The recovery rate as determined by the Auction Settlement is 40%. The investor receives no coupon and the product is redeemed at 40%.

Quarter i (i = 1...12)	Q1	Q2	...	Q20
3-Month Euribor	0.25%			
Coupon (expressed in annual basis)	[3M Euribor + 1.65%]	-	-	-
Redemption	-	40% after Credit Event *	-	-

* The Credit Event that occurred on Q2 will trigger an early redemption. The product will be redeemed following the Auction Settlement

In the worst case scenario, no coupon is paid, the recovery rate could be zero and the product would be redeemed at 0.

Advantages

→ Enhanced floating coupon or upside coupon compared to a standard Upside FRN

Risks

→ Capital and coupon at risk in case of Credit Event on the Reference Entity: no more coupon will be paid and the product will be redeemed at the recovery rate of the defaulted underlying Reference Entity

→ Liquidity may be limited



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▪ **Market Risk**

The market value of a structured security may vary significantly under the influence of various factors, such as the performance level of the underlying assets, their volatility, changes in interest rates or exchange rates, particularly if the security is denominated in a currency other than the investor's reference currency, the economic and financial context of the country(ies) that is/are concerned, and the remaining duration of the security to its maturity.

For structured securities with an "issuer call" enabling early redemption, prospects of reinvesting redeemed total amounts may be unfavourable.

For structured securities linked to credit markets, the bankruptcy risk of the various issuers of the underlying bonds changes chiefly according to their quality (reflected by their rating – see issuer risk below applied to the underlying bonds) and to the macroeconomic context. The investor must be aware of the quality of the issuer(s) in which investments are made. In addition, bond prices may vary considerably between the moment bonds are issued and their maturity date. This price variation is linked to interest rate changes on the market.

▪ **Structuring Risk**

Structured securities being based on several complex parameters, the investor must have a perfect understanding of the mechanisms of the structured security offered and the consequences arising from the chosen redemption formula or valuation method, depending on different market forecasts and the nature of the underlying(s).

▪ **Issuer Risk**

The structured security is not issued nor guaranteed by BNP Paribas Wealth Management which is acting only as distributor of the security. Each investor assumes both the issuer's credit risk and the potential guarantor's risk as defined in the security legal documentation. The issuer's and its guarantor's credit ratings reflect the independent opinion of the relevant credit rating agencies and are not to be considered as a guarantee of the credit quality. In case of the issuer's bankruptcy or indeed that of its guarantor, the investor could suffer partial or total loss of the initially invested capital.

▪ **Liquidity Risk**

In the case of structured securities, product liquidity lies entirely in the hands of the issuer, who may or may not undertake in normal market conditions to buy or sell the security from/to the investor according to certain criteria defined at the outset (price, periodicity and minimum amount). Should he wish to exit before the maturity date, the investor may thus be unable to sell part or all of his financial asset, or may have to sell at a considerably unfavourable price. Finally, certain securities becoming relatively illiquid may face high volatility and a decline in their market value, thereby reducing the accuracy of their valuation in portfolios or even making such valuation impossible.

▪ **Financing**

The purchase of financial instruments by means of borrowing brings with it additional risk. On the one hand, additional guarantees (additional assets as collateral) may be required. On the other hand, the loss incurred when prices move adversely is likely to be higher than without any borrowing. Fluctuations in prices of pledged financial instruments can therefore have a negative influence on the ability to repay the loans. It is important to clearly understand that the leveraging effect produced by buying financial instruments through the means of borrowing results in proportionately greater sensitivity to fluctuations in price, and therefore offers the prospect of higher gains, but also at the same time the risk of higher losses. In summary, the higher the leverage is, the greater the possible loss can be.

▪ **Conflicts of interest**

Various potential and actual conflicts of interest may arise from the overall investment activities of the parties involved in the transaction, their investment professionals and their affiliates. In particular, the manager or its affiliates can offer/manage other investment vehicles which interests may be different to the interests of the holders of the securities described herein.

▪ **Capital Protection**

a) Capital-protected products: capital protection is a condition resulting from the product set-up itself and exists only for when products come to maturity. Capital protection may, depending on the circumstances become partially or totally ineffective should a party to the security structuring default. Should the investor desire early redemption, and if market liquidity and the credit situation of the issuer or indeed its guarantor allow it, the investor may suffer a risk of loss on his protected capital (early withdrawal penalties, bad market conditions ...).

b) Non-capital protected products: this instrument not offering any capital protection, the initial capital (par value or acquisition value) is not protected at all. Should unfavourable events arise, the investor may suffer a partial or total loss of his initially invested capital.



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In Prior to investing in a structured security each investor should fully understand the financial risks and merits and consult with its own legal, regulatory, tax, financial and accounting advisors before making his subscription. Investors should be in a position to fully understand the features of the investment and, in the absence of any provision to the contrary, be financially able to bear a loss of their investment and willing to accept such risk. The risk descriptions in this document are only a summary description of the most relevant risks related to this structured security. For a more detailed description of this type of structured security, its risks and use, please refer to our Investor Guide and to the risk sections in the Prospectus (as hereinafter defined). BGL BNP Paribas cannot guarantee whether a structured security will achieve its objectives.

In consideration of my desire to invest in **Upside FRN AXA SA** issued by **BNP Paribas SA** you provided me with the Investor Guide, the indicative and/or Final Terms Sheet (as hereinafter described) and this Product Agreement describing the investment context, features, advantages, risks, mechanism, scenario and other characteristics of the Structured Security (hereafter “the Documentation”). Having acquainted myself with the contents of the Documentation and the Prospectus (as hereinafter described), I hereby confirm that I wish to subscribe in the Structured Security.

I have duly noted that:

Before subscribing, every potential subscriber (i) must first have been provided with the Documentation and (ii) can access through BGL BNP Paribas or via the Issuer’s Web Page (www.bnpparibas.com) to the Final Terms Sheet, the Base Prospectus and any supplement (the items enumerated under (ii) hereafter all together referred to as “the Prospectus”). Full information on the terms and conditions and the risks of the Structured Security is only available on the basis of the combination of all the documents listed above.

The terms set forth herein are subject to the final expression of the terms of the transaction, if the transaction takes place. The final terms of the transaction will be set forth in the Structured Security Final Terms Sheet, in any applicable agreement and/or confirmation. To the extent of any inconsistency between the Structured Security’s indicative Terms Sheet and the Structured Security Final Terms Sheet, the Structured Security Final Terms Sheet shall prevail. To the extent of any inconsistency between (i) the Structured Security indicative Terms Sheet / the Structured Security Final Terms Sheet and (ii) this Product Agreement, the Structured Security Final Terms Sheet shall prevail.

The Structured Security may be subject to restrictions with regards to certain persons or in certain countries under national regulations applicable to said persons or in said countries. It is the investor’s responsibility to ensure that he is authorized to subscribe in this Structured Security.

Although the information provided herein may have been obtained from published or unpublished sources considered to be reliable and while all reasonable care has been taken in the preparation of this document, BGL BNP Paribas does not make any representation or warranty, express or implied, as to its accuracy or completeness and does not accept responsibility for any inaccuracy, error or omission.

To the extent that past and/or future and or simulated performances are displayed, the figures relating thereto are not a reliable indicator of future results. In connection with the offer and sale of the Structured Security, BGL BNP Paribas may pay or receive fees, commissions or other, non-monetary, benefits from third parties. Further information is available from BGL BNP Paribas upon request.





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BGL BNP Paribas will not assume any responsibility regarding the financial rating given by an International Rating Agent to any security’s issuer or guarantor. A financial rating should not be understood by a subscriber as a financial guarantee given on the performance, the liquidity or the guarantee/protection of the capital invested in a security.

- Save as otherwise expressly agreed in writing, BGL BNP Paribas is not acting as financial adviser or fiduciary of the subscriber in any subscription

- The tax treatment of the Structured Security depends on the individual circumstances of the investor and may be subject to changes in the future. Any reference to taxation and/or tax systems in the Documentation and/or the Prospectus is given for informational purposes only.

- BGL BNP Paribas and/or persons associated or connected with it may effect or have effected a transaction for their own account in a security described in the Documentation or any related security before the report is published. On the date of the Documentation, BGL BNP Paribas, persons associated or connected with it and their respective directors and/or representatives and/or employees may take proprietary positions and may have a long or short position or other interests or make a market in a security mentioned in the Documentation, or in derivative instruments based thereon, and may purchase and/or sell the investment(s) at any time in the open market or otherwise, whether as principal or as agent or as market maker. Additionally, BGL BNP Paribas within the previous twelve months may have acted as an investment banker or may have provided significant advice or investment services to the companies or in relation to a security mentioned in the Documentation.

- This document is not a prospectus in the sense of applicable legislation on the offer and/or listing of financial instruments. It has not been and will not be endorsed or approved by any authority in any jurisdiction. The Structured Securities may not be eligible for offer or sale in all jurisdictions and or for certain categories of subscribers and must be offered and sold in accordance with all applicable selling restrictions in the jurisdictions in which they are offered or sold.

- BNP Paribas SA is the issuer. BGL BNP Paribas, with registered office at 50, avenue J.F. Kennedy, L – 2951 Luxembourg, is responsible for the distribution of the Structured Security and for this document. It is authorised and regulated as a credit institution by the Luxembourg Commission de Surveillance du Secteur Financier, 110, route d’Arlon, L – 2991 Luxembourg.

By accepting the Documentation :

- I agree to be bound by the limitations set forth in it;
- I agree that BGL BNP Paribas’ general terms and conditions, that I herewith declare to have read and accepted, are applicable for all issues not explicitly covered in this Product Agreement;
- and I duly confirm my subscription in the Structured Security under the conditions specified herein, in the Documentation and in the Prospectus for an amount of

Account number:.....
.....
.....

Signed at on

(to be handwritten over your signature and meaning “I have read the Documentation and I confirm my subscription and the conditions defined herein”)