

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the CBBCs described below.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

## Launch Announcement for Callable Bull/Bear Contracts (“CBBCs”)

to be issued by

**BNP PARIBAS ARBITRAGE ISSUANCE B.V.**

*(incorporated in the Netherlands with its statutory seat in Amsterdam)*

unconditionally and irrevocably guaranteed by

**BNP Paribas (“Guarantor”)**

*(incorporated in France)*

Sponsor

**BNP Paribas Securities (Asia) Limited**

### Particulars of CBBCs

We intend to issue the following CBBCs:

CBBCs	Series 1	Series 2	Series 3
Stock Code	60565	60566	60567
Issue size	200,000,000 CBBCs	200,000,000 CBBCs	200,000,000 CBBCs
Type	European style cash settled category R callable bear contracts	European style cash settled category R callable bear contracts	European style cash settled category R callable bear contracts
Index	Hang Seng Index	Hang Seng Index	Hang Seng Index
Board Lot	10,000 CBBCs	10,000 CBBCs	10,000 CBBCs
Exercise Amount	10,000 CBBCs	10,000 CBBCs	10,000 CBBCs
Issue Price (HK\$)	0.25	0.25	0.25
Strike Level	22,500	22,400	22,300
Call Level	22,300	22,200	22,100
Index Currency Amount	<u>10,000 x HK\$1.00</u> 10,000	<u>10,000 x HK\$1.00</u> 10,000	<u>10,000 x HK\$1.00</u> 10,000
Launch Date	8 February 2012	8 February 2012	8 February 2012
Issue Date	14 February 2012	14 February 2012	14 February 2012
Expected listing date <sup>‡</sup>	15 February 2012	15 February 2012	15 February 2012
Observation Commencement Date	15 February 2012	15 February 2012	15 February 2012
Expiry Date / Valuation Date <sup>Δ</sup>	27 September 2012	27 September 2012	27 September 2012
Effective Gearing*	8.41x	8.41x	8.41x
Gearing*	8.41x	8.41x	8.41x
Premium*	4.85%	5.32%	5.80%
Funding Cost as of Launch Date <sup>#</sup>	7.12% p.a.	7.86% p.a.	8.60% p.a.

<sup>‡</sup> If such day is not a Business Day, the immediately succeeding Business Day. “Business Day” means a day (excluding Saturdays) on which the Stock Exchange is scheduled to open for dealings in Hong Kong and banks are open for business in Hong Kong.

<sup>Δ</sup> If such date is not the day on which the Index Futures Contracts expire on the Hong Kong Futures Exchange Limited, the day on which the Index Futures Contracts expire on the Hong Kong Futures Exchange Limited (or its successor or assign).

\* This data may fluctuate during the life of the CBBCs and may not be comparable to similar information provided by other issuers of callable bull/bear contracts. Each issuer may use different pricing models.

<sup>#</sup> The funding cost is calculated in accordance with the following formula: for series 1: HIBOR 6 months + 6.52% p.a., for series 2: HIBOR 6 months + 7.26% p.a. and for series 3: HIBOR 6 months + 8.00% p.a..

### How much will you receive upon occurrence of a Mandatory Call Event?

A Mandatory Call Event occurs when the Spot Level of the Index on any day on which the Index Exchange (being the Stock Exchange) is scheduled to open for trading during the Observation Period is at or above the Call Level.

“**Spot Level**” means the spot level of the Index as compiled and published by the Index Compiler.

“**Observation Period**” means the period commencing from and including the Observation Commencement Date up to and including the close of trading on the Stock Exchange on the trading day immediately preceding the Expiry Date.

Subject to Product Condition 3.3(b), upon the occurrence of a Mandatory Call Event, we must terminate the CBBCs at the Cash Settlement Amount (if any) and you may receive a Residual Value (if positive) per Exercise Amount in Hong Kong Dollars calculated as follows:

$$\text{Residual Value per Exercise Amount} = \frac{(\text{Strike Level} - \text{Maximum Index Level}) \times \text{Index Currency Amount} - \text{Exercise Expenses (if any)}}{\text{Exercise Amount}}$$

Where:

“**Maximum Index Level**” means the highest Spot Level of the Index during the MCE Valuation Period; and

“**MCE Valuation Period**” means the period immediately following the Mandatory Call Event and up to the end of the following trading session on the Index Exchange subject to any potential extension.

If the Residual Value is at or below zero, you will lose all your investment in the CBBCs.

### How much will you receive on expiry?

If no Mandatory Call Event occurs during the Observation Period, the CBBCs will be automatically exercised on the Expiry Date if the Cash Settlement Amount is greater than zero. You will receive a Cash Settlement Amount per Exercise Amount in Hong Kong dollars calculated as follows (if positive):

$$\text{Cash Settlement Amount per Exercise Amount} = (\text{Strike Level} - \text{Closing Level}) \times \text{Index Currency Amount} - \text{Exercise Expenses (if any)}$$

“**Closing Level**” means the final settlement price for settling the Hang Seng Index September 2012 Futures Contracts (the “**Index Futures Contracts**”), determined pursuant to Regulation 012 of the Regulations for Trading Stock Index Futures and the Contract Specifications for Hang Seng Index Futures Contracts (as amended from time to time) of the Hong Kong Futures Exchange Limited, subject to our right to determine the Closing Level in good faith on the Valuation Date upon the occurrence of a Market Disruption Event as described further in Product Condition 1.

“**Exercise Expenses**” means any charges or expenses including any taxes or duties which are incurred in respect of the early expiration of CBBCs upon the occurrence of a Mandatory Call Event or exercise of the CBBCs upon expiry.

### Listing of the CBBCs

We will make an application to the Stock Exchange for listing of and permission to deal in the CBBCs on the Stock Exchange.

### **Where do you obtain quotes?**

You may request to obtain a quote for the CBBCs by calling the following telephone number:

*Liquidity Provider:* BNP Paribas Securities (Asia) Limited  
*Broker ID Number:* For series 1: 9607  
For series 2: 9593  
For series 3: 9587  
*Telephone number:* +852 2108 5600  
*Address:* 59th-63rd Floors, Two International Finance Centre, 8 Finance Street,  
Central, Hong Kong

We do not have any special arrangements in place with any brokers with respect to our CBBCs.

### **Where can you inspect the relevant documents?**

The following documents (“**Listing Documents**”), each in separate English and Chinese versions, are available for inspection until the Expiry Date at the office of Mallesons Stephen Jaques, which is presently at 13/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong:

- 1 our base listing document dated 29 March 2011 (as supplemented by an addendum dated 9 September 2011);  
and
- 2 the supplemental listing document for the CBBCs to be dated on or about 14 February 2012.

## IMPORTANT INFORMATION

### *Unsecured nature of the CBBCs*

The issue of the CBBCs was authorised by our board of directors on 11 May 2011. The CBBCs constitute our general, unsecured and contractual obligations and of no other person, and the guarantee executed by the Guarantor dated as of 29 March 2011 in respect of the CBBCs constitutes the general, unsecured and contractual obligations of the Guarantor and of no other person. The CBBCs will rank equally among themselves and with all our other unsecured obligations and all other unsecured obligations of the Guarantor (save for those obligations preferred by law) upon our liquidation. You are relying upon our creditworthiness and the creditworthiness of the Guarantor and have no rights under the CBBCs against any company comprising the Index and the index compiler.

### *Guarantor*

Our obligations in relation to the CBBCs will be unconditionally and irrevocably guaranteed by the Guarantor.

The Guarantor's long term debt ratings are:

Rating agency	Rating as of the Launch Date
Moody's Investors Service, Inc.	Aa3
Standard & Poor's Ratings Group	AA-
Fitch Ratings	A+

### *Are we regulated by any bodies referred to in Rule 15A.13(2) or (3)?*

We are not regulated by any of the bodies referred to in Rule 15A.13(2) or (3) of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited. The Guarantor is regulated by the Hong Kong Monetary Authority. The Guarantor is also regulated by Comité des Etablissements de Crédit et des Entreprises d'Investissement.

### *Selling restriction*

The CBBCs have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and will not be offered, sold, delivered or traded, at any time, indirectly or directly, in the United States or to, or for the account or benefit of, any U.S. person (as defined in the Securities Act).

### *Investment risks*

The price of the CBBCs may fall in value as rapidly as it may rise and you may sustain a total loss of your investment. If the Cash Settlement Amount is less than or equal to zero, all CBBCs will expire worthless on the Expiry Date.

We or the Liquidity Provider may be the only market participant for the CBBCs. The secondary market for the CBBCs may be limited.

You must:

- carefully study the risk factors set out in the relevant Listing Documents;
- fully understand the potential risks and rewards and independently determine whether the CBBCs are appropriate for you given your objectives, experience, financial and operational resources, and other relevant circumstances; and
- consult with such advisers as you deem necessary to assist yourself in making these determinations.

*Index disclaimers*

The Hang Seng Index (the “**Index**”) is published and compiled by Hang Seng Indexes Company Limited pursuant to a licence from Hang Seng Data Services Limited. The mark and name “Hang Seng Index” are proprietary to Hang Seng Data Services Limited. Hang Seng Indexes Company Limited and Hang Seng Data Services Limited have agreed to the use of, and reference to, the Index by BNP PARIBAS ARBITRAGE ISSUANCE B.V. in connection with the CBBs (the “**Product**”), **BUT NEITHER HANG SENG INDEXES COMPANY LIMITED NOR HANG SENG DATA SERVICES LIMITED WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE PRODUCT OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF THE INDEX AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF THE INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT; OR (iii) THE RESULTS WHICH MAY BE OBTAINED BY ANY PERSON FROM THE USE OF THE INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT FOR ANY PURPOSE, AND NO WARRANTY OR REPRESENTATION OR GUARANTEE OF ANY KIND WHATSOEVER RELATING TO THE INDEX IS GIVEN OR MAY BE IMPLIED.** The process and basis of computation and compilation of the Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by Hang Seng Indexes Company Limited without notice. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY HANG SENG INDEXES COMPANY LIMITED OR HANG SENG DATA SERVICES LIMITED (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO THE INDEX BY BNP PARIBAS ARBITRAGE ISSUANCE B.V. IN CONNECTION WITH THE PRODUCT; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HANG SENG INDEXES COMPANY LIMITED IN THE COMPUTATION OF THE INDEX; OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF THE INDEX WHICH IS SUPPLIED BY ANY OTHER PERSON; OR (iv) FOR ANY ECONOMIC OR OTHER LOSS WHICH MAY BE DIRECTLY OR INDIRECTLY SUSTAINED BY ANY BROKER OR HOLDER OF THE PRODUCT OR ANY OTHER PERSON DEALING WITH THE PRODUCT AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST HANG SENG INDEXES COMPANY LIMITED AND/OR HANG SENG DATA SERVICES LIMITED** in connection with the Product in any manner whatsoever by any broker, holder or other person dealing with the Product. Any broker, holder or other person dealing with the Product does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on Hang Seng Indexes Company Limited and Hang Seng Data Services Limited. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and Hang Seng Indexes Company Limited and/or Hang Seng Data Services Limited and must not be construed to have created such relationship.

Hong Kong, 8 February 2012