

# Product Factsheet

## BNP Paribas FTSE 100 Autocall Certificate

### April 2017

www.meteoram.com

This information is for professional investors only and should not be presented to, or relied upon by, private investors

## Product Features

<b>Investment type</b>	Autocallable Certificate paying a potential 9.75% per annum non compounded.
<b>Term</b>	A maximum 6 year 1 week investment
<b>Underlying asset</b>	FTSE 100 Index (the 'Index')
<b>Currency</b>	GBP
<b>Securities</b>	Certificates
<b>Issuer</b>	BNP Paribas Arbitrage Issuance B.V., a subsidiary of BNP Paribas
<b>Counterparty</b>	BNP Paribas (the 'Guarantor')
<b>Listing</b>	Luxembourg Stock Exchange
<b>Tax treatment</b>	Subject to Capital Gains Tax
<b>Capital protection</b>	60% European Barrier
<b>Strike Date</b>	13 April 2017
<b>Opening Level</b>	Official close of business level on 13 April 2017
<b>Measurement Dates</b>	15 April 2019 14 April 2020 13 April 2021 13 April 2022
<b>Final Level</b>	13 April 2023
<b>Maturity Date</b>	20 April 2023
<b>Liquidity</b>	Daily, subject to market circumstances
<b>ISIN</b>	XS1489640927
<b>Distribution fee</b>	We will receive a distribution fee of up to 2.25% from the Issuer. We use this fee to cover our costs for the preparation of product information and marketing. This fee may also be used to cover payments to introducers, where necessary, or to provide an increased allocation for institutional investors. No part of this fee will be used to remunerate any adviser.

### Investment Rationale

The FTSE 100 Index has reacted positively following the result of the EU referendum and has climbed back towards its historic high. Whilst investors may maintain a positive view of equity markets, there may be limited expectations of further upside from current market levels.

With its potential return, the Certificate should offer an attractive potential investment return for investors with expectations of lower gains from a direct investment in the FTSE 100 Index.

### Summary

If, on any Measurement Date before the Final Measurement Date, the Closing Level of the Index is at least equal to its Opening Level, the Certificate will kick out, i.e. mature early and provide an investment return.

The first Measurement Date will be on 15 April 2019, two years after the Start Date.

If an early maturity is not triggered on a Measurement Date, the Certificate will remain in force until at least the next Measurement Date. In the event an early maturity is triggered, the gross investment return payable will be: 19.50% at year 2; 29.25% at year 3; 39% at year 4 and 48.75% at year 5.

If the Certificate has not matured early and the Closing Level of the Index on the Final Measurement Date (the 'Final Level') is at least equal to its Opening Level, the Certificate will provide an investment return at the Maturity Date equal to 58.50% of the money invested. If the Final Level of the Index is below its Opening Level, no investment return will be payable at the Maturity Date.

The investor will lose money if the Final Level of the Index is below 60% of its Opening Level. The amount of money that would be lost will be the percentage by which the Final Level of the Index is below its Opening Level.

## Product Analysis

As part of our product development and research process, we consider the historical and potential future performance of indices and/or shares to see how their price evolution may result in certain payoff conditions being met.

All investments, including structured products, can carry significant and varied risks. To help evaluate these risks, many techniques have been developed, all of which could produce different conclusions. The most commonly used method in the UK, as prescribed by the European Securities and Markets Authority (ESMA) for risk rating funds, is the Synthetic Risk and Reward Indicator (SRRI).

The SRRI captures how volatile an investment's value is. The more volatile the investment, the greater the uncertainty associated with the investment's returns. Effectively, it considers not only the risk to an investor's capital, but also the risk to any potential investment return.

**Expected market conditions** are defined by the performance of the Index in the last 5 years. Assuming these conditions continue, compared to other investment products, we expect the Certificate, on average, to have low levels of risk which are often associated with a low:

- potential investment return
- likelihood of incurring capital loss
- sensitivity to stock market changes
- level of uncertainty in the returns

We have calculated an SRRI equivalent for the Certificate, to assist the investor in the investment decision making process. We have also estimated how we might expect the Certificate to perform, both under 'expected market conditions' and 'adverse market conditions,' over the Certificate's term. We simulated the performance of the Index under these two conditions based on its performance over the last 5 years. This sampling period is consistent with the official SRRI methodology.

Please note that the information provided here is only a guide based on our current expectations. It should not be considered as a target or guarantee and could change over time.

**Adverse market conditions**, also known as stress test conditions, are defined by when our benchmark, the FTSE 100 Total Return Index, was simulated to have produced a loss. We evaluated the performance of the Certificate based on these simulations only. Based on these circumstances, we expect the Certificate, on average, to:

- have a moderate probability of protecting against capital loss
- perform better than the benchmark
- be more volatile than the benchmark

← Lower risk				Higher risk →			
Potentially lower reward				Potentially higher reward			
1	2	3	4	5	6	7	

Based on our calculations, we expect there to be a low level of uncertainty in the returns payable from under the Certificate. A low level of risk is associated with a Risk Rating of 4.

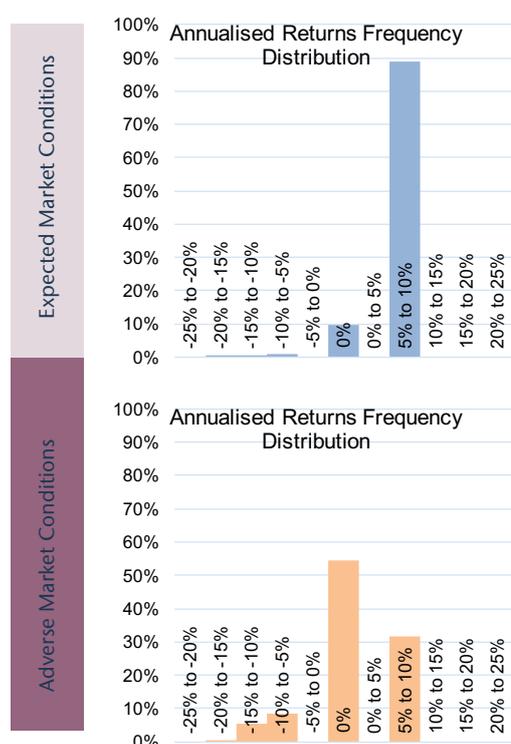
The rating above was calculated to provide the investor with an indication of the potential risk level that would be assumed by investing in the Certificate. There is a significant chance, however, that this may not be a reliable indication of the future risk level of the Certificate.

### Notes regarding Risk Rating:

- Liquidity risks are not captured by the Risk Rating.
- Counterparty risks are not captured by the Risk Rating.
- The Risk Rating is calculated by simulating potential outcomes for the underlying Index. This method may not be a reliable indicator of potential future performance.
- The Risk Rating is not a target or guarantee and may change over time depending on how market conditions change.
- The Risk Rating is not an indication of the limit of the amount of risk in the investment and has the potential to be greater.
- The lowest Risk Rating does not mean a risk-free investment.
- Classification differences are not equally weighted. Risk Rating 2 for example, does not mean twice as risky as Rating 1.

## Scenario Analysis

The charts below show the return distributions resulting from the outcomes of the scenarios outlined previously. The X axis is the compound annual return from the simulations and the Y axis is the percentage frequency of a particular return bracket.



- The most frequently simulated unique result (67.28% of simulations) was a maturity at the end of 2 years with a 19.50% investment return and a full return of capital. This is equivalent to a compound annual return of 9.32% pa.
- In 1.31% of simulations, the product produced a loss.
- The most frequently simulated unique result (54.32% of simulations) was a maturity at the end of 6 years with a 0% investment return and a full return of capital. This is equivalent to a compound annual return of 0% pa.
- In 13.98% of simulations, the product produced a loss.

## Historical Simulation

We have simulated the frequency of the possible maturity scenarios the structure would have produced had it been available continuously between 30 December 1983 and 15 February 2017. It should be recognised that the economic conditions that existed at the time this Certificate was constructed would not have existed historically. In some cases, the Certificate terms might have been more or less favourable depending on the economic conditions at the time. Some economic conditions may not have allowed for this Certificate to be available at all.

### Frequency distribution:

Number of 6 year cycles tested	6872
Sampling period	30/12/1983 to 15/02/2017
Maturity scenario	Frequency
Incurred a capital loss	0.00%
Initial capital returned only	10.19%
Matured early at the end of year 2 with investment return	77.18%
Matured early at the end of year 3 with investment return	2.82%
Matured early at the end of year 4 with investment return	3.51%
Matured early at the end of year 5 with investment return	2.71%
Matured at the end of year 6 with investment return	3.59%

## Counterparty Credit Ratings



### Long term credit rating and outlook for BNP Paribas (Guarantor of BNP Paribas Arbitrage Issuance B.V.)

Agency	Rating	Date rating effective	Outlook	Date outlook effective
Fitch	A+	15/12/2011	Stable	15/12/2011
Moody's	A1	04/04/2014	Stable	28/05/2015
Standard & Poor's	A	11/03/2016	Stable	11/03/2016

Source: Bloomberg, 15 February 2017

## Counterparty Default Risk

The Counterparty for this product is BNP Paribas. To analyse credit risk, we use the independent default risk classification system provided by the Bloomberg Default Risk model. The classification is determined by the 1 year default risk. The prefix indicates the grading of the default probability; IG (Investment Grade), HY (High Yield) or DS (Distressed). The suffix is a further, more granular grading, numbered from 1-10 where the higher the number, the higher probability of default.

Bloomberg Default Risk classification	Bloomberg 1 year Default Probability	Bloomberg 5 year Default Probability
IG9 Investment Grade	0.2358%	2.1248%

Sources: Meteor Research Department/Bloomberg 15 February 2017

## Important information

- This information is for professional investors only and should not be presented to, or relied upon by, private investors.
- Simulated/forecast performance is not a reliable indicator of potential future performance.
- The figures quoted in this document are for illustrative purposes only.
- They are not a reliable guide to the likelihood of making specific gains or losses in this kind of structure or any similar structure.
- In addition, these statistics do not provide a guide to the maximum gains or losses that are possible.
- Our calculations assume no default by a counterparty and do not take into account the effect of dividends.
- The information provided does not constitute investment, legal or tax advice and is provided as guidance only.
- Income payments, if applicable, are assumed to have been reinvested at 0% interest.



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 Authority, Financial Services Register Number 459325.  
 Financial Conduct Authority: 25 The North Colonnade, Canary Wharf, London E14 5HS.

Meteor Corporate Strategies  
 55 King William Street  
 London EC4R 9AD  
 Tel +44 (0)20 7904 1010  
 Fax +44 (0)20 7283 1355  
 Email info@meteoram.com  
 Web www.meteoram.com