



**BNP PARIBAS**

# BNP Paribas Home Loan SFH

Investor Presentation |



COVERED BOND  
• L A B E L •  
HTT

*September 2018*



# Disclaimer

*This document has been prepared by BNP Paribas Home Loan SFH and BNP Paribas solely for use in investor meetings. **This document is confidential and is not to be reproduced by any person, nor be distributed to any person other than its original recipient.** BNP Paribas Home Loan SFH and BNP Paribas take no responsibility for the use of these materials by any person. This document does not constitute a prospectus for any securities offering (an “Offering”). You should refer to the BNP Paribas Home Loan SFH €35,000,000,000 Covered Bond Programme prospectus for more complete information about any Offering, and it is your responsibility to read the BNP Paribas Home Loan SFH €35,000,000,000 Covered Bond Programme final prospectus (the “Final Prospectus”) for any Offering before making an investment decision.*

*This document (the “Presentation”) has been prepared by BNP Paribas Home Loan SFH and BNP Paribas for information purposes as a basis for discussion only and does not constitute or form part of any offer to sell or issue or invitation to purchase or subscribe for, or any solicitation of any offer to purchase or subscribe for, any securities of BNP Paribas Home Loan SFH, nor shall it or any part of it, nor shall the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision. It is not intended to create any rights of a legally binding or enforceable nature between BNP Paribas Home Loan SFH and the recipient.*

*Any decision to buy or purchase bonds should be solely on the basis of the information contained in the Final Prospectus which would contain material information not contained herein, and which shall supersede and replace this Presentation in its entirety. Any decision to invest in the securities described herein should be made after reviewing such Final Prospectus, conducting such investigations as you deem necessary and consulting your own financial, legal, accounting, regulatory and tax advisors in order to make an independent determination of the suitability and consequences of an investment in the securities. In particular, none BNP Paribas nor BNP Paribas Home Loan SFH owe any duty to any person who receives this Presentation (except as required by law or regulation) to exercise any judgment on such person’s behalf as to the merits or suitability of any such transaction or securities. In particular, investors should pay special attention to any sections of the Final Prospectus describing any risk factors.*

*This document is not an offer to sell or the solicitation of an offer to purchase securities in the United States. Securities may not be sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. BNP Paribas does not intend to register any portion of any Offering in the United States or to conduct a public Offering of securities in the United States.*

*Some information contained herein and other information or material may include forward-looking statements based on current beliefs and expectations about future events. These forward-looking statements are not guarantees of future performance and are subject to inherent risks, uncertainties and assumptions about BNP Paribas Home Loan SFH and its investments, developments in BNP Paribas’ business, banking industry trends, future capital expenditures, changes in economic conditions globally or in BNP Paribas’ principal markets, the competitive environment and regulatory factors. Those events are uncertain, and their outcome may differ from current expectations, which may in turn significantly affect expected results.*

*Actual results may differ materially from those projected or implied in these forward-looking statements. Accordingly, there can be no assurance that any estimated returns or projections can be realised, that any forward-looking statements will materialise or that actual returns or results will be those that may be presented or discussed. Such estimated returns and projections should be viewed as hypothetical and do not represent the actual returns that may be achieved by an investor. In addition, nothing contained herein shall constitute any representation or warranty as to future performance of any financial instrument, credit, currency, rate or other market or measure. Furthermore, past performance is not necessarily indicative of future results. Investors should conduct their own analysis, using such assumptions as they deem appropriate, and should fully consider other available information, including the information described under “Risk Factors” in the Final Prospectus in making an investment decision. Any forward-looking statement contained in this document speaks as of the date of this document. BNP Paribas does not undertake, nor does it have any obligation, to publicly revise or update any forward-looking statements in light of new information or future events. Reference to BNP Paribas may include the BNP Paribas Group including BNP Paribas and its consolidated subsidiaries.*



# Disclaimer

*The information contained in this document as it relates to parties other than BNP Paribas Home Loan SFH or BNP Paribas has not been independently verified and no representation or warranty expressed or implied is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of, the information or opinions contained herein. None of BNP Paribas Home Loan SFH, BNP Paribas or their advisors or their representatives shall have any liability whatsoever in negligence or otherwise for any loss however arising from any use of this document or its contents or otherwise arising in connection with this document or any other information or material discussed.*

*No representation or warranty, express or implied, is made by BNP Paribas Home Loan SFH or BNP Paribas or their respective affiliates, or their or any such affiliate's respective directors, officers, employees, partners, agents and advisers as to the accuracy or completeness of the information contained herein, and nothing contained herein is, or shall be relied upon as, a promise or representation by such persons. Any offer or invitation or decision to invest in relation to any securities is made solely by means of a Final Prospectus and any purchase of securities should be made solely on the basis of the information contained therein.*

*None of BNP Paribas Home Loan SHF or BNP Paribas act as an advisor, or owes any fiduciary duty and this Presentation and the information it contains shall not be construed as financial, legal, regulatory, tax or accounting advice. You should also make your own evaluation of the Presentation, the information herein contained and the investment. You should consult with your advisors concerning these matters before undertaking the proposed subscription and obtain independent professional advice from appropriate professional advisors if you deem it appropriate before undertaking any action.*

*This Presentation is for distribution only under such circumstances as may be permitted by applicable law. Recipients of this Presentation should ensure that they are informed and aware of, and comply with any applicable legal or regulatory requirements in relation to the distribution or possession of this Presentation to or in that jurisdiction. In this respect, neither BNP Paribas Home Loan SHF or BNP Paribas, nor any of their respective directors, employees, agents, representatives or advisers accept any liability to any person in relation to the distribution or possession of this Presentation to or in any jurisdiction. This Presentation is communicated to each recipient for information purposes only and does not constitute a personal recommendation. This Presentation is not directed at, or intended for distribution or use by, any person or entity who is a citizen or resident of any jurisdiction where such distribution, publication, availability or use would be contrary to applicable laws or regulations of such jurisdictions.*

*This Presentation is confidential document and shall not be reproduced, redistributed, copied or transmitted to any other person other than the original addresses or published, in whole or in part, for any purpose, without the prior written consent of BNP Paribas Home Loan SHF and BNP Paribas.*

*If this Presentation has been sent to you or is being viewed by you in an electronic form, you are reminded that documents transmitted or that are viewed via this medium may be altered or changed during the process of electronic transmission and consequently none of BNP Paribas Home Loan SFH, BNP Paribas or any of their directors, officers, employees, agents or affiliates accept any liability or responsibility whatsoever in respect of any difference between the Presentation distributed to you or being viewed by you in electronic format and the original hard copy form of this Presentation.*

# Overview

**Executive Summary**

Legislative Framework

French Home Loan Business

BNP Paribas Home Loan SFH

Conclusion

Appendices



# Executive Summary

- BNP Paribas (the “Borrower”)
  - A leading European banking group
  - A solid and profitable financial structure with well-diversified business model
  - A conservative financial profile supported by senior unsecured debt ratings of A (Positive) / Aa3 (stable) / A+ (stable) / AA low (stable) by S&P, Moody’s, Fitch and DBRS respectively
- BNP Paribas Home Loan SFH<sup>1</sup> (formerly BNP Paribas Home Loan Covered Bonds) (the “Issuer”)
  - BNP Paribas Home Loan SFH is a French credit institution licensed and regulated by the French banking regulator (*Autorité de Contrôle Prudentiel et de Résolution*)
  - The Issuer has full recourse to BNP Paribas
  - Covered Bond holders and swap counterparties benefit from a statutory privilege over all assets of the Issuer and rank super-senior to all other creditors of the Issuer (including the French tax authority)
  - A bankruptcy of BNP Paribas may not legally be extended to include BNP Paribas Home Loan SFH
  - AAA / AAA rated with hard and soft bullet maturities by S&P and Fitch
  - CRR Compliant and eligible for LCR Level 1 (implying that the Loan to Income ratio does not exceed 33% for each guaranteed home loan in the cover pool)
  - LTV of loans capped at 80% by law and 92.5% maximum asset percentage in Asset Cover Test
- French Home Loan Cover Pool
  - Only French prime residential mortgages and guaranteed home loans (*prêts cautionnés*) which are of very low risk by international standards
  - Only loans originated by BNP Paribas and BNP Paribas Personal Finance, subject to eligibility criteria
  - Current weighted average indexed LTV of 60.58%; weighted average seasoning of 48 months
  - High quality and low risk cover pool (no arrears)

<sup>1</sup> The Issuer has been granted a licence as a *Société de Financement de l’Habitat* under the updated French covered bond legislation by the French financial regulator (*Autorité de Contrôle Prudentiel et de Résolution*).

# Overview

---

Executive Summary

---

**Legislative Framework**

---

French Home Loan Business

---

BNP Paribas Home Loan SFH

---

Conclusion

---

Appendices

---



# Legislative Framework

## *Société de Financement de l'Habitat*

- A unifying legislation to harmonise French covered bonds
- Type of covered bond issuer: *Société de Financement de l'Habitat* (SFH)
  - A credit institution licensed and supervised by the French financial regulator (*Autorité de Contrôle Prudentiel et de Résolution*)
- Category of French legislative covered bonds: *Obligations de Financement de l'Habitat* (OH)
  - Fully compliant with the UCITS-directive
  - Allows certain regulated investors to invest in each single SFH issuer up to 25% limit (UCITS)
- Investors in OH and swap counterparties will benefit from the statutory privilege (*privilège legal*) over all assets of the SFH and will rank senior to all other creditors of the SFH (including the French tax authority)
- Main features of the French SFH law:
  - Requirement to cover all liquidity needs for next 180-days period on an ongoing basis
  - Minimum 5% level of over-collateralisation
  - Possibility for issuers to use up to 10% of OH issued for ECB repo operations to manage liquidity proactively if needed
  - Exposure on any credit institution is limited to 15% of the privileged debt
  - Exposure on the parent company is recognised up to 25% of the amount of non privileged liabilities under the Legal Cover Ratio calculation
  - Maturity mismatch requirement between eligible pledged assets transferred by way of security and liabilities benefiting from the statutory privilege (maximum 18 months allowed)
  - Two external statutory auditors like all French credit institutions
  - Monitoring of the cover pool and certification of the legal ratios by an independent and regulated cover pool monitor (*contrôleur spécifique*)
- A bankruptcy of the parent bank, BNP Paribas, may not legally be extended to include the SFH



# Legislative Framework

## Key points

- Covered bond investors in BNP Paribas Home Loan SFH will benefit from the regulatory features provided by the legislative framework in addition to all existing investor protections

	Regulatory features	Additional protections in BNP Paribas Home Loan SFH
Asset Eligibility Criteria	<ul style="list-style-type: none"> <li>● Residential home loans</li> <li>● European Union / European Economic Area / other AAA rated country</li> <li>● First lien mortgages or guaranteed home loans</li> </ul>	<ul style="list-style-type: none"> <li>● France only</li> <li>● First lien mortgages or home loans guaranteed by Crédit Logement</li> </ul>
Credit Enhancement	<ul style="list-style-type: none"> <li>● Minimum legal overcollateralisation level is 5%</li> </ul>	<ul style="list-style-type: none"> <li>● Current overcollateralisation level required by the rating agencies for AAA/AAA rating is 20,5%</li> <li>● Minimum 8.1% level of overcollateralisation required contractually</li> </ul>
Liquidity	<ul style="list-style-type: none"> <li>● 180-days liquidity coverage</li> <li>● Access to ECB repo facility permitted for up to 10% of covered bonds issued to generate liquidity for cash-flow management</li> <li>● Mismatch monitoring between pledged assets and liabilities benefiting from the statutory privilege</li> </ul>	<ul style="list-style-type: none"> <li>● 180-days pre-maturity test</li> <li>● Operational Access to the Eurosystem standing facilities</li> </ul>
Controls & Reporting	<ul style="list-style-type: none"> <li>● Specific Controller (FIDES Audit) will monitor on a quarterly basis that all regulatory constraints are satisfied</li> </ul>	<ul style="list-style-type: none"> <li>● Statutory Auditors (Pricewaterhouse Coopers, Mazars)</li> <li>● Rating Agencies (S&amp;P, Fitch)</li> <li>● Specific Controller (FIDES Audit) performs on an annual basis paper audits</li> </ul>



# Overview

---

Executive Summary

---

Legislative Framework

---

**French Home Loan Business**

---

BNP Paribas Home Loan SFH

---

Conclusion

---

Appendices

---



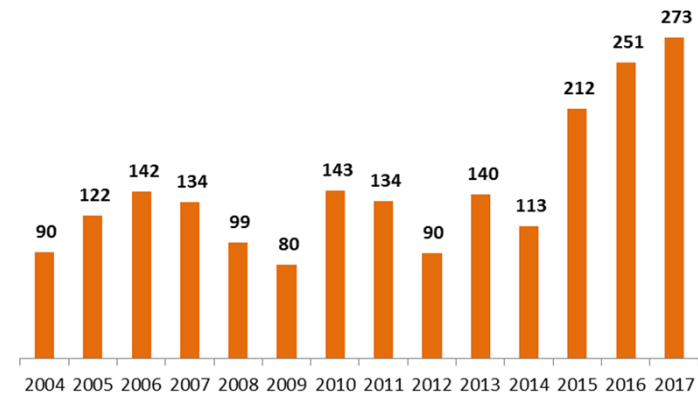
# French Home Loan Business

## Overview of the French home loan market

- High level of home loans guaranteed or benefiting from a mortgage (96.8% of the outstanding amount at end 2017).
- After a period of unprecedented growth in gross annual production (+142% between 2014-2017) driven by the low rate environment and the anticipation of higher interest rates, the trend has now reversed since H2 2017 due to the lower level of loan refinancings (-45% yoy in H1 2018)
- Loan refinancing and renegotiations have started to decrease as % of the gross production amount, however remaining at relatively high levels (50% in 2015, 43% in 2016, 36% in 2017), thereby leading to moderate increase of the home loan average outstanding amount.

### Gross production of French home loans

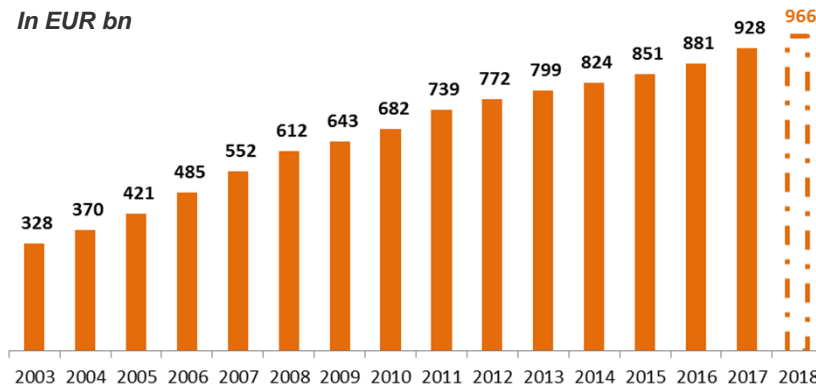
In EUR bn



Source: Banque de France

### French home loans average outstanding amount

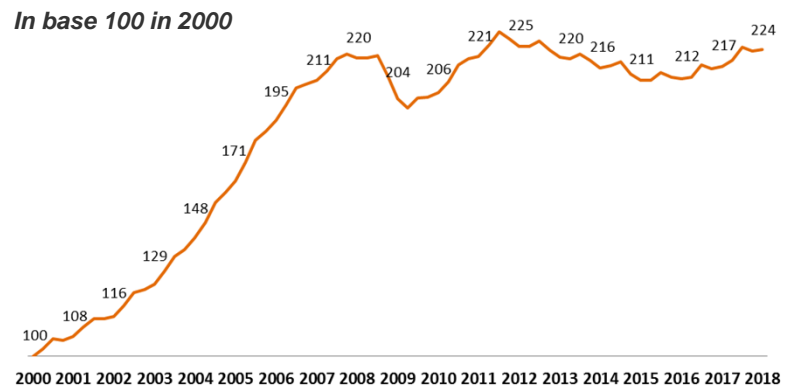
In EUR bn



Source: Banque de France

### French house price index

In base 100 in 2000



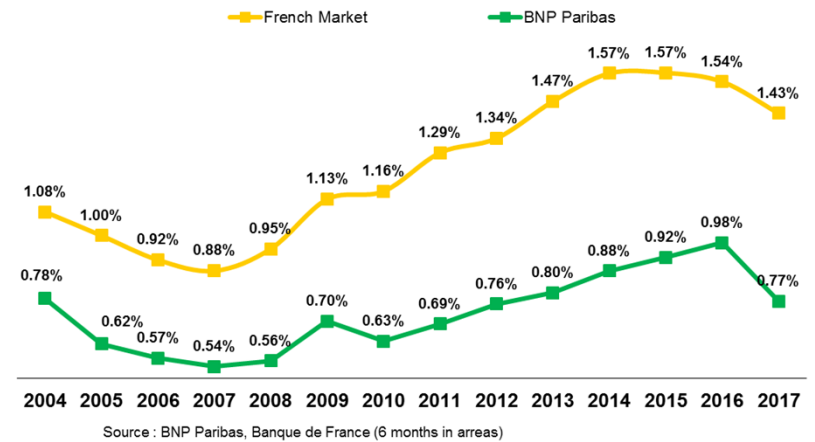
Source: INSEE



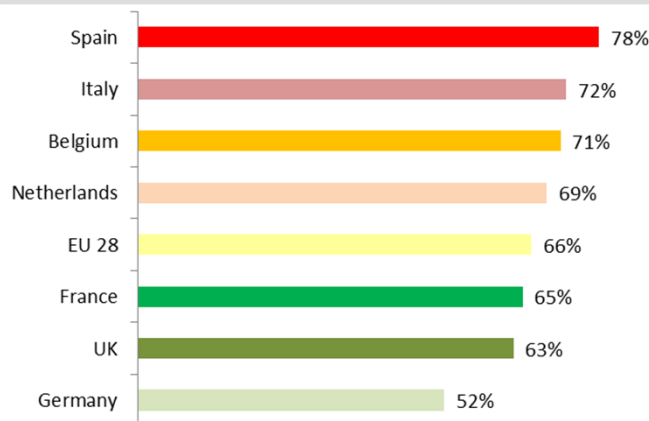
# French Home Loan Business Performance

- The French home loan market is a prime loan market
- The French average for non-performing loans (NPL) is amongst the lowest in Europe
- French per capita mortgage indebtedness is very low by European standards
- BNP Paribas consistently outperforms the French market in terms of doubtful loans, with a ratio of doubtful home loans to total outstanding home loans of 0.77% in 2017 compared to 1.43% for the whole French home loan market

## Doubtful home loans

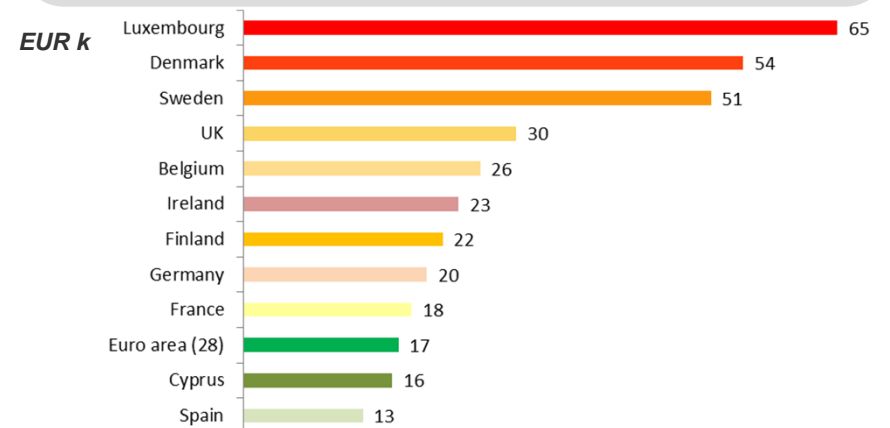


## Percentage home ownership



Source: European Mortgage Federation, 2018

## Per capita mortgage debt



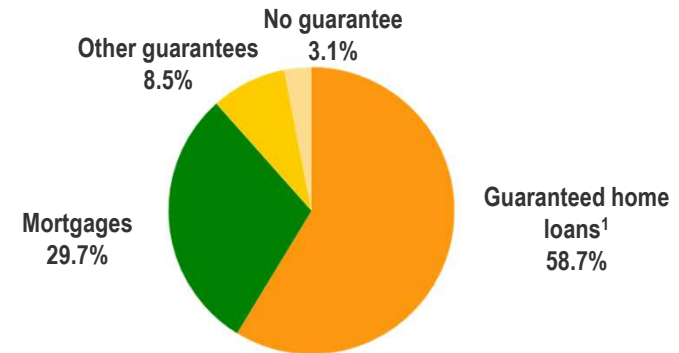
Source: European Mortgage Federation, 2018



# French Home Loan Business Crédit Logement

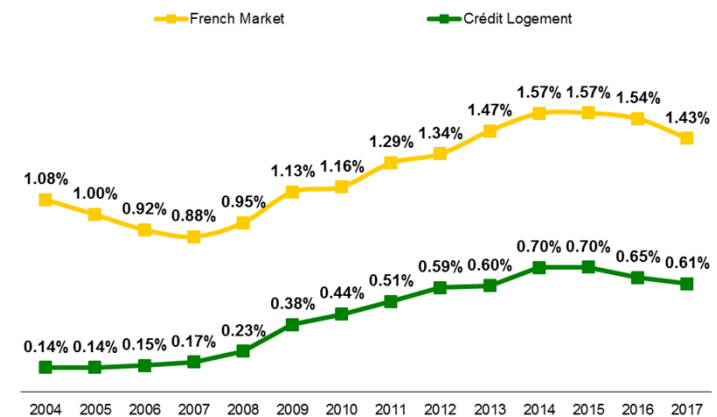
- The French home loan market consists primarily of guaranteed home loans and traditional mortgages
- Crédit Logement is the market leader for residential home loan guarantees, with around 55 % market share of the guaranteed home loan market and a 30 % market share on the whole home loan market.
- Main features of Crédit Logement framework are the following:
  - Specialized credit institution licensed and regulated by the French banking regulator
  - Owned by all the major French banks
  - Good credit ratings (Aa3 stable by Moody's, AA low stable by DBRS)
  - Ultimate support by the French banking system
- Crédit Logement provides a full recovery service to lenders
  - Indemnification within one month after three consecutive non payments on a guaranteed loan
  - Recovery process fully managed by the guarantor
  - Lending banks recover 100% of the home loan plus all costs and expenses
- Around 75% of BNP Paribas's total home loan portfolio consists of home loans guaranteed by Crédit Logement

## Breakdown of French home loan market (2017)



<sup>1</sup> Home loans guaranteed by credit guarantee agencies  
Source: Banque de France (2018)

## Doubtful home loans



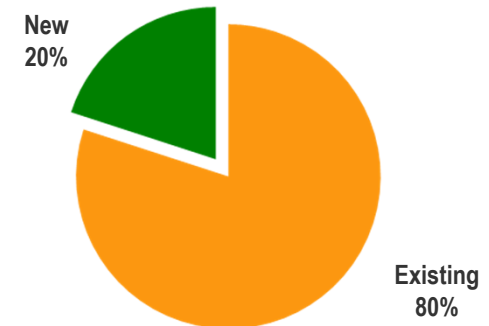
Source: Crédit Logement and Banque de France



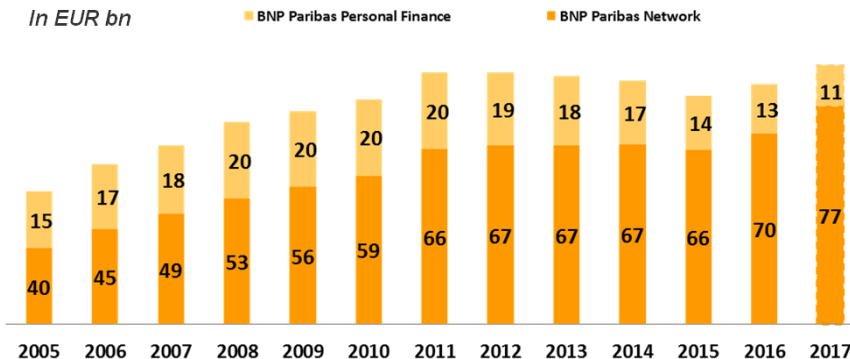
# French Home Loan Business BNP Paribas Strategy and results

- Focus on organic growth :
  - Create long-term relationship with customers
  - Ability to leverage the large base of existing customers for cross-selling
  - Build on relationships to improve profitability
- Strong control of the origination process :
  - All home loans are subject to approval after a deep check of the client background and documentation
  - Decision making process framed by a set of delegations depending on the credit amount, maturity, and several risk indicators
  - Dedicated credit committee to test and revise scoring process periodically

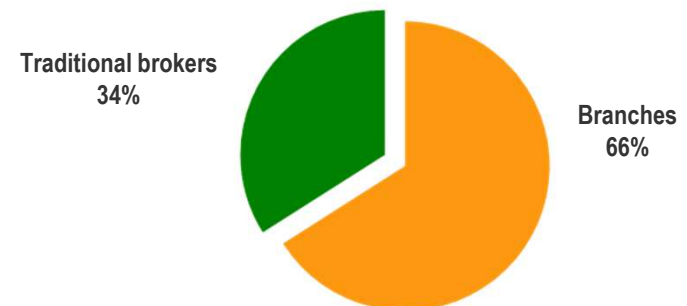
## Customer relationship background (2017 production)



## BNP Paribas French home loan outstanding



## Home loan distribution channels





# French Home Loan Business BNP Paribas' underwriting approach

## Credit Scoring

- **90% of applications are eligible for automatic scoring:**
  - Application score: from immediate approval by the branch agent to deferred approval by head of branch or by regional head
  - Rate score: provides a recommended rate to the agent
- **10% of applications cannot receive automatic scoring and require a specific manual analysis by a dedicated risk committee (amount above EUR 600,000, loans with deferred repayment of principal, automatic scoring was not sufficient for immediate approval...)**
- **Dedicated credit committee to test and revise scoring grid periodically**

## Income Verification and Lending Limits

- **Applications (intermediary or branch originated loans) processed by an accredited BNP Paribas agent at a local branch by a physical contact with the customer:**
  - Justification of net income, personal net worth and indebtedness level
  - Proof authenticity check
- **The credit quality of the debtor is assessed by taking into account aggregate debt commitment as a portion of income (DTI) which should not exceed 33% except specific cases**

## Valuations

- **Market price agreed between the buyer and the seller**
- **Check by an accredited BNP Paribas agent of the price indicated in the official selling agreement signed before a notary or a real estate agent**

# Overview

---

Executive Summary

---

Legislative Framework

---

French Home Loan Business

---

**BNP Paribas Home Loan SFH**

---

Conclusion

---

Appendices

---



# BNP Paribas Home Loan SFH

## Key terms

### Programme Terms

#### Issuer

BNP Paribas Home Loan SFH

#### Programme Size

EUR 35 bn

#### Ratings

AAA (S&P) / AAA (Fitch)

#### Maturity Type

Hard and soft bullets

#### Currency

Any

#### Listing

Euronext Paris  
(German law Covered Bonds will not be listed on any Stock Exchange)

#### Governing Law

French law, German law (Namensschuldverschreibung)

#### Clearing

For French law transactions: Euroclear France (Central Depository), Euroclear Bank and Clearstream





# BNP Paribas Home Loan SFH Cover pool (as of August 2018)<sup>1</sup>

<b>Pool Notional</b>	EUR 33.5 bn
<b>Loan Type</b>	100% guaranteed home loans
<b>Number of Loans</b>	331 605
<b>WA Current LTV</b>	61.9%
<b>WA Indexed LTV</b>	60.6%
<b>Seasoning</b>	48 months
<b>Rate Type</b>	92% fixed, 8% capped variable
<b>Max Loan Amount</b>	EUR 600,000
<b>Geographic Distribution</b>	Ile-de-France 41%, Provence Alpes Côte-d'Azur 9%, Rhône-Alpes 8%, Aquitaine 5%, Nord-Pas-de-Calais 4%, Midi-Pyrénées 5%, Languedoc-Roussillon 3%, Pays de la Loire 4%, Picardie 3%, Bretagne 3%, Haute Normandie 3%, Lorraine 2%, Centre 2%, Alsace 1%, Other 7%

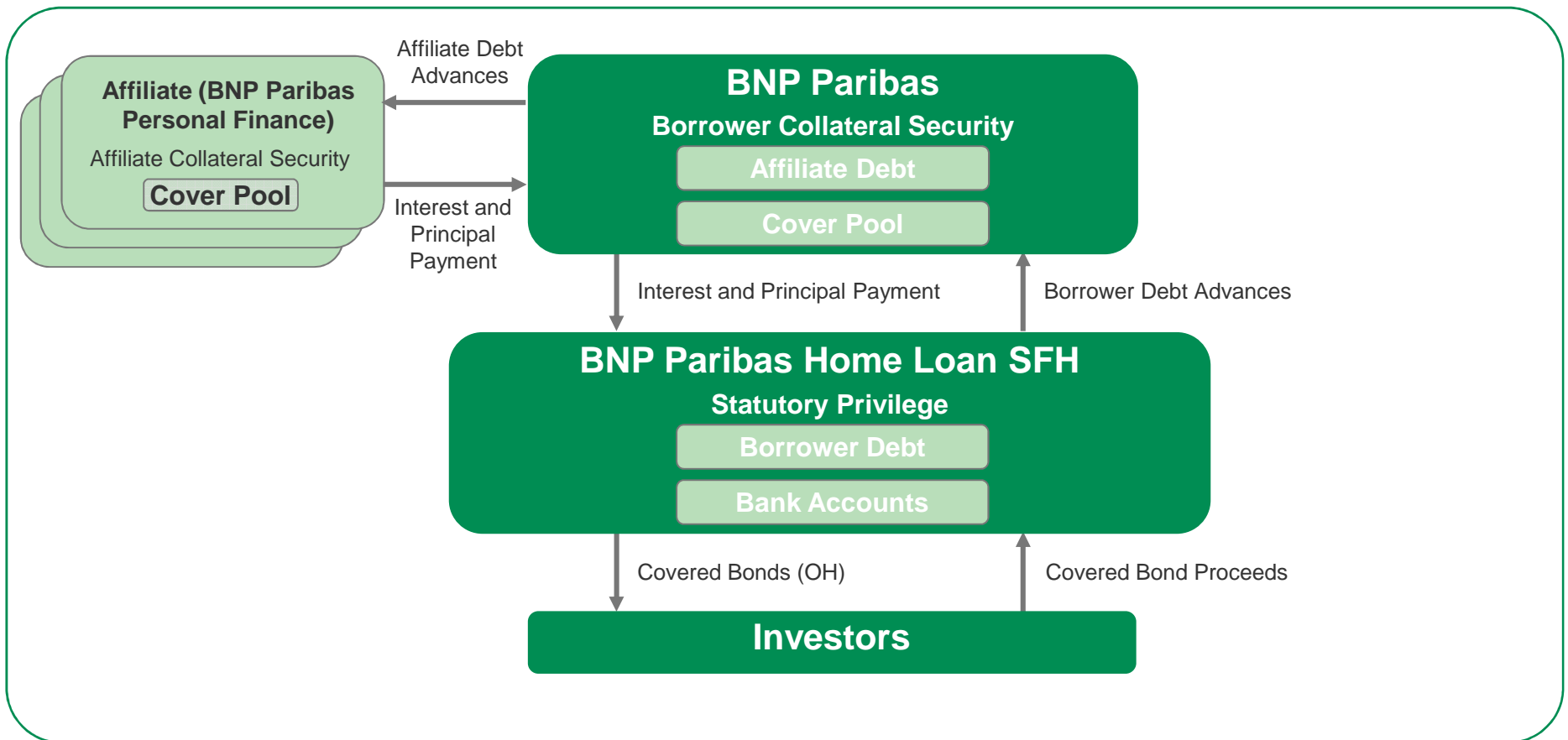
<sup>1</sup> Investor report as of August 2018



# BNP Paribas Home Loan SFH Structure overview

## Standard Features

- BNP Paribas Home Loan SFH has full recourse to BNP Paribas
- Covered Bond holders benefit from a statutory privilege over all assets of the Issuer
- Covered Bonds backed by direct security over the Cover Pool
- Asset monitoring including Asset Coverage Test and Amortisation Test



# Overview

Executive Summary

Legislative Framework

French Home Loan Business

BNP Paribas Home Loan SFH

**Conclusion**

Appendices



**Highly-rated, secured instrument**  
Rated AAA / AAA by S&P and Fitch  
Collateralised by high quality prime French home loans

**Full recourse of the Issuer against BNP Paribas**  
Rated Aa3 (stable) / A (Positive) / A+ (stable) / AA low (stable) by Moody's, S&P, Fitch and DBRS  
A solid financial structure with a well-diversified business mix

**Statutory privilege over a stable and high quality cover pool**  
Strict customer scoring and monitoring systems  
Superior performance of a French home loan portfolio

**Structural enhancements on top of French SFH law**  
Asset Cover Test ensures sufficient overcollateralisation level and mitigates negative carry risk  
Hedging strategy and liquidity enhancements mitigate market and liquidity risks

# Overview

Executive Summary

Legislative Framework

French Home Loan Business

BNP Paribas Home Loan SFH

Conclusion

**Appendices**



COVERED BOND  
LABEL

# BNP Paribas Home Loan SFH Investor reports and documents

- Detailed investor reporting on BNP Paribas Home Loan SFH programme is available on a monthly basis on our investor relations website
- Since November 2012, the French Covered Bond Label reporting template is also published on a monthly basis for BNP Paribas Home Loan SFH (excel format). HTT format is used since January 2016.
- Web address for both reports: <http://invest.bnpparibas.com> under “BNP Paribas Debt” section
- Updated data are also published on the Covered Bond Label website ([www.coveredbondlabel.com](http://www.coveredbondlabel.com)).



Appendices

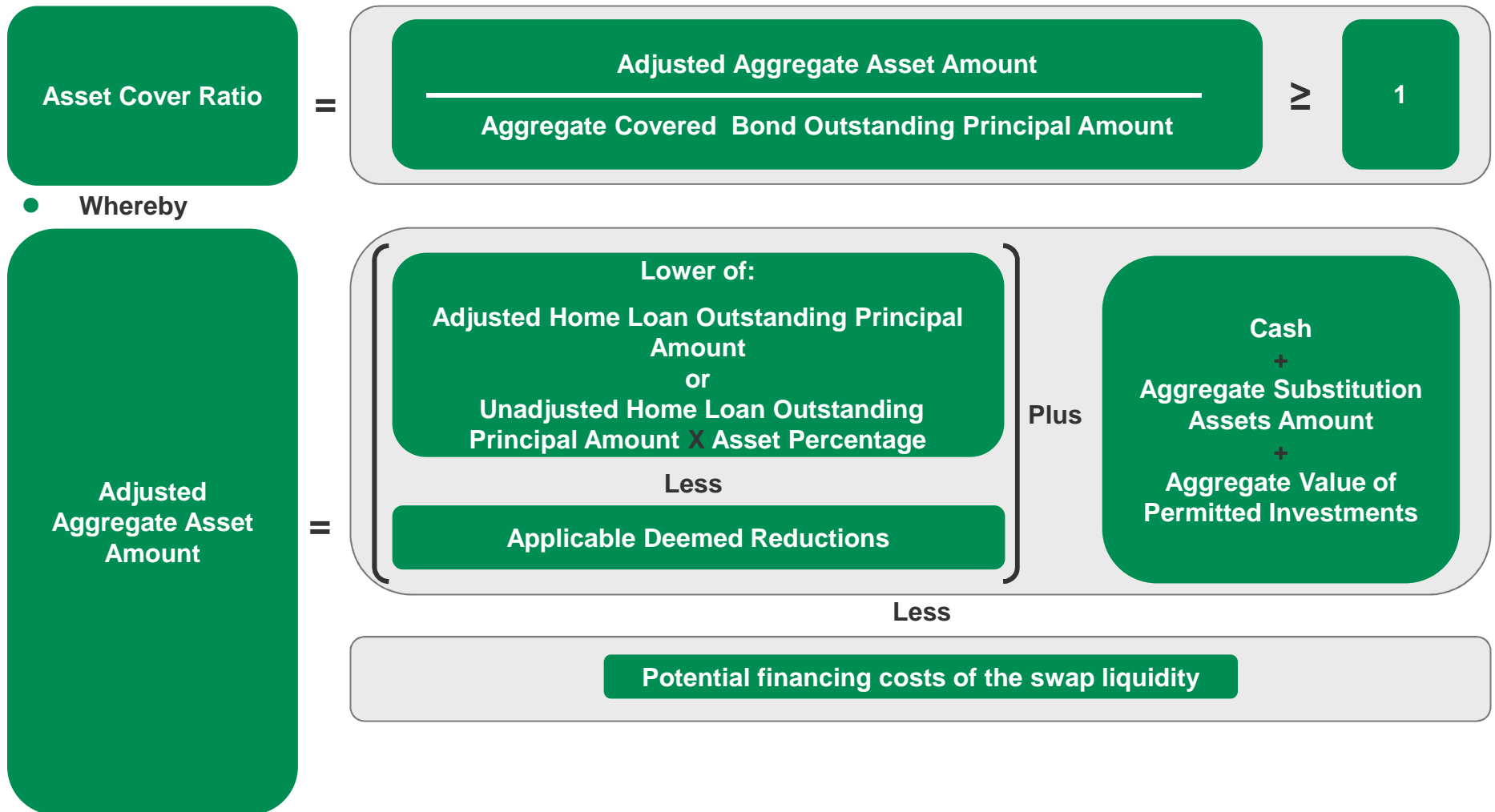
## BNP Paribas Home Loan SFH Structure Details



# BNP Paribas Home Loan SFH Structure Details

## Asset cover test

- The Asset Cover Test (ACT) is designed to ensure that the collateral constituted by home loans, cash and other collateral is able to meet the future cash flows (interest and principal) on the covered bonds (tested monthly by the calculation agent)







# BNP Paribas Home Loan SFH Structure Details

## Amortisation test

- Amortisation Test is designed to ensure that the Issuer has the capacity to meet its obligation following the enforcement of a Borrower Event of Default: compliance with the Amortisation Test requires compliance with the amortisation ratio (RA) and is performed by the Issuer following a Borrower Event of Default

$$\text{Amortisation Ratio} = \frac{\text{Transferred Aggregate Asset Amount}}{\text{Aggregate Covered Bond Outstanding Principal Amount}} \geq 1$$

- Whereby

$$\text{Transferred Aggregate Asset Amount} = \left( \text{Home Loan}^1 \text{ Outstanding Principal Amount} \times \begin{matrix} \text{M=1 if loan less than 3 months in arrears;} \\ \text{M=0.7 if loan 3 months or more in arrears} \end{matrix} \right) \text{ Plus } \left( \begin{matrix} \text{Cash} \\ \text{+} \\ \text{Aggregate Substitution} \\ \text{Asset Amount} \\ \text{+} \\ \text{Aggregate Value of} \\ \text{Permitted Investments} \end{matrix} \right)$$

<sup>1</sup>All Home Loans title to which has been transferred to the Issuer upon enforcement of the Borrower Collateral Security and the Affiliate Collateral Security following the enforcement of a Borrower Event of Default



# BNP Paribas Home Loan SFH Structure Details

## Additional structural features

- The Pre-Maturity Test is designed so that the Borrower provides today the Issuer with sufficient liquidity to cover its short terms needs arising from a future Borrower Event of Default
  - The Borrower funds on a cash collateral account an amount equal to the scheduled payment of capital and interests of the Covered Bonds due in the next 180 days
  - A non-compliance with the Pre-Maturity Test will trigger a Borrower Event of Default preventing the Issuer from issuing any further series of Covered Bonds if it is not remedied within 14 days
- Account Agreement
  - BNP Paribas SA provides bank accounts to the Issuer
- Asset Servicing
  - BNP Paribas SA will perform the Asset Servicing and will provide BNP Paribas Home Loan SFH with Asset Reporting
  - BNP Paribas Home Loan SFH may enter into a master servicing agreement with an Eligible Servicer if BNP Paribas is downgraded below BBB by S&P or BBB- by Fitch
- Link with the European Central Bank
  - The Issuer holds Target 2 account in the Banque de France's books
  - The Issuer has operational access to Eurosystem's standing facilities



# BNP Paribas Home Loan SFH Structure Details

## Interest and Currency Risks Management

- Before a Borrower Event of Default, the Issuer is not exposed to any interest or currency risk since there is no mismatch between the payments received on the Borrower Advances and the payments to be made under the Covered Bonds
- Following a Borrower Event of Default, the collateral pool of residential loans will be transferred to the Issuer, who will then be exposed to interest and currency mismatches between the collateral pool and the covered bonds
- In accordance with the Program Documentation, these interest and currency mismatches are mitigated by several mechanisms:
  - An appropriate collateral management:
    - Cover pool selection aims at covering covered bonds interest payments in prudent interest rate scenarios
    - Natural hedge between fixed and floating assets and liabilities
    - Program overcollateralization benefit
  - Cross-currency swap agreements:
    - All covered bonds issued in a currency other than Euro are systematically hedged at Issuer's level
    - Issuer Hedging Agreements compliant with the most recent rating agencies counterparty criteria
    - Both Issuer and Borrower Hedging agreements benefit from the legal privilege
    - Upon the occurrence of a Borrower Event of Default, the Issuer Hedging Agreements will be maintained and the Borrower Hedging Agreements will be terminated immediately
  - Interest Reserve: following downgrade of BNP Paribas below A/F1 or A/A-1 (Fitch and S&P respectively), BNP Paribas will be obliged to fund an interest reserve equal to the positive difference between the interests to be paid on covered bonds and the interests to be received on the collateral pool
  - The Issuer may also enter into Interest swaps agreements anytime if needed



# BNP Paribas Home Loan SFH Structure Details

## Cash flow priorities

### Pre-Enforcement Priority Payment Order

- Issuer hedging costs
- Interest on the Covered Bonds
- Principal on the Covered Bonds
- Issuer Hedging Subordinated Termination Costs
- Senior administrative and tax costs
- Borrower hedging costs
- Dividend to the Issuer's shareholders and any payments under subordinated obligations



# BNP Paribas Home Loan SFH Structure Details

## Key events

### Borrower Event of Default

- The occurrence of any of the following events will constitute a Borrower Event of Default
  - Default in the payment of principal or interest on any Borrower Facility not remedied within 3 business days after the due date
  - Breach of Pre-Maturity Test
  - Breach of Interest Reserve Funding Requirement
  - Breach of Asset Cover Test
  - Breach of Amortisation Test
  - Failure to comply with any of the Borrower's material obligations
  - Occurrence of an Insolvency Event
- A Borrower Event of Default will result in a Borrower Enforcement Notice
  - Borrower advances due and payable
  - Enforcement of the Borrower Facility with a transfer of the assets to the Issuer

### Controlled Post-Enforcement Priority Payment Order

(following the Borrower Event of Default)

- Issuer hedging costs
- Interest on the Covered Bonds
- Principal on the Covered Bonds
- Senior Administrative and servicing costs
- Issuer Hedging termination costs
- Other administrative and tax costs and Borrower hedging costs
- Distribution of remaining enforcement proceeds to the Borrower



# BNP Paribas Home Loan SFH Structure Details

## Key events

### Affiliate Event of Default

- The occurrence of any of the following events will constitute an **Affiliate Event of Default**
  - Default in the payment of principal or interest on any **Affiliate Facility** not remedied within 3 business days after the due date
  - Failure to comply with any of the **Affiliate's** material obligations
  - Occurrence of an **Insolvency Event**
- An **Affiliate Event of Default** will result in an **Affiliate Enforcement Notice**
  - **Affiliate** advances due and payable
  - **Enforcement of the Affiliate Facility** with a transfer of the **Affiliate assets** to the **Borrower** (optional)

### Accelerated Post- Enforcement Priority Payment Order

(following the breach of  
amortisation test)

- Issuer hedging costs
- Interest on the **Covered Bonds**
- Principal on the **Covered Bonds**
- Issuer Hedging termination costs
- Senior administrative and tax costs and **Borrower** hedging costs
- Distribution of remaining enforcement proceeds to the **Borrower**



# BNP Paribas Home Loan SFH Structure Details

## Key events

### Issuer Event of Default

- Subject to the French legal framework applicable to SFH, the occurrence of any of the following events will constitute an Issuer Event of Default
  - Default in the payment of principal or interest on any Covered Bond not remedied within 3 business days after the due date
  - Breach of Amortisation Test
  - Default in the performance of any of its other material obligations within 30 days after the written notice of such default
  - Any other indebtedness of the Issuer becomes accelerated
  - The license of the Issuer as a *société de financement de l'habitat* is withdrawn.

### No Further Issuance

- The Issuer undertakes not to issue further Covered Bonds under the Programme
  - As from the date a Borrower Enforcement Notice has been served
  - As from the date an Issuer Enforcement Notice has been served
  - For so long as Non Compliance with Asset Cover Test has occurred and is not remedied
  - For so long as Non Compliance with Amortisation Test has occurred and is not remedied
  - For so long as, regarding the Pre-Maturity Test and the Legal Liquidity Test, a Non Compliance Notice has been delivered
- For cash-flow management purposes, BNP Paribas Home Loan SFH may issue and subscribe to further Covered Bonds to be used as collateral for ECB repo operations (10% retained by SFH only in case of problems).



# Contacts



## BNP PARIBAS

Claire Sineux  
Investor Relations

3, rue d'Antin – 75078 Paris Cedex 02  
Tel: +33 1 42 98 31 99  
e-mail: investor.relations@bnpparibas.com



## BNP PARIBAS

Valérie Brunerie  
Deputy Global Head of ALM Treasury Head Office

3, rue d'Antin – 75078 Paris Cedex 02  
Tel: +33 1 40 14 70 55  
e-mail: valerie.brunerie@bnpparibas.com



## BNP PARIBAS

Véronique Floxoli  
ALM Treasury Head Office - Medium and Long Term Funding

3, rue d'Antin – 75078 Paris Cedex 02  
Tel: +33 1 40 14 85 75  
e-mail: veronique.floxoli@bnpparibas.com



## BNP PARIBAS CORPORATE & INVESTMENT BANKING

Boudewijn Dierick  
Covered Bond Structuring

10 Harewood Avenue, London NW1 6AA  
Tel: +44 20 7595 4833  
e-mail: boudewijn.dierick@uk.bnpparibas.com

- Detailed investor reporting on BNP Paribas covered bond programmes is available on a monthly basis on our investor relations website
- Web address: <http://invest.bnpparibas.com> under “BNP Paribas Debt” section