GENERAL INFORMATION ABOUT PROPERTY LOAN AGREEMENTS

The aim of this document is to provide consumers[1] with the general information required by article L226-10 of the French Consumer Code in relation to property loans offered by BGL BNP Paribas (hereinafter "the Bank").

It concerns loan agreements backed by a mortgage, comparable collateral over residential property or by a right linked to a residential property and designed to enable the acquisition or maintenance of ownership rights over a plot of land or a building which already exists or is to be built[2]. Loans granted by the Bank in this respect are exclusively in Euros.

This document does not commit the Bank in any way. It does not constitute an offer or an advertising communication and may not be construed as advice of any kind by the Bank.

For all loan applications, please contact us by telephone on (+352) 42 42-2000, by email on **info@bgl.lu** or by visiting one of our branches.

Possible uses of the loan

Consumer property loans granted by the Bank may particularly have the following uses:

- the purchase of a property for residential use or professional and residential use,
- the purchase of land for the purpose of construction of a property,
- works to construct a property,
- any type of financing, when the loan is backed by a mortgage over a residential property.

Possible types of interest rate applicable

Any financing granted by the Bank will generate interest which must be paid by the consumer in addition to the principal amount borrowed. The Bank offers its clients the following types of interest rates:

Variable rate

When the parties agree a variable interest rate, that rate is subject to variations during the life of the loan. A rise in interest rates results in an increase in the monthly repayment and, conversely, a fall in interest rates results in a reduction in the monthly repayment amount (or the term, if stipulated in the agreement). This variable rate may be either:

- a variable rate fixed by the Bank, based on its refinancing cost and the gross margin negotiated on a case-by-case basis with each client or,
- a benchmark rate (e.g. Euribor) applicable for a fixed period, to which is added the gross margin negotiated on a case-by-case basis with each client.

Avantages: this type of rate is flexible, allows the consumer to benefit from falls in interest rates and to make early repayments without charge.
Disadvantages: if rates rise, the consumer's monthly repayment amount will be higher.

Fixed rate

When the parties agree a fixed interest rate, the rate does not change throughout the term and monthly repayments remain the same.

[1] Pursuant to article L. 010-1, 1) of the French Consumer Code, a consumer is any natural person acting for purposes which are outside his trade, business, craft or profession.
[2] Article L 226-2 of the French Consumer Code..

Avantages: this type of rate means the consumer knows in advance the amount to be repaid to the Bank and offers protection against interest rate rises.
Disadvantages: the consumer cannot benefit from any fall in interest rates and early repayments incur costs.

Adjustable fixed rate

It is possible to agree a fixed-rate period which is less than the total term of the agreement. In this case, the consumer benefits from all the advantages of the fixed rate for a specific period and, at the end of it, retains the option of choosing a new type of interest rate under the market conditions applicable at the time (variable, fixed, adjustable fixed or any other type of rate available at the time).

Possible repayment terms

The Bank and the consumer may agree various repayment terms, depending on the type of loan applied for.

Amortised loans

For this type of loan, regular repayments are made at each due date throughout the agreed period. These include repayment of the principal balance and interest calculated on the outstanding principal balance, so that at the end of the loan, the outstanding balance will be zero. The share of repayments corresponding to the principal balance increases over time while the share of interest decreases.

Interest-only loans

Unlike an amortised loan, for this type of loan, the principal balance is repaid in full and in a single instalment at the end of the loan agreement. The debit interest accrued is either added to the principal balance quarterly or repaid regularly.

Special product combining an amortised structure and an interest-only structure: Schwäbisch Hall- TA Darlehen loan

This loan comprises two successive stages with maximum terms of 15 years each. During the first stage, the loan is taken out in the form of an interest-only loan with interest payments accompanied by a home savings product taken out with Schwäbisch Hall. At the end of this first stage, the interest-only loan is repaid using the home savings product along with a new amortised loan. Instalments include repayment of the principal balance and interest payments throughout the second stage.

Special product combining an amortised structure and an interest-only structure: progressive repayment loan

For the first five years of the loan, the amortisation structure is "interest-only": instalments cover at least the interest due on the loan (although repayment of the principal balance is possible). At the end of the five years, the structure becomes "amortised", i.e. the monthly payments made until the end of the loan include repayment of the principal balance and interest payments.

Possible term

The maximum term of property loan agreements is 30 years. For adjustable fixed-rate loans (see above), a distinction should be made between the fixed-rate term and the total term of the loan. It is therefore possible for a loan with a total term of 25 years to have a fixed rate for a shorter term.

If the loan amount is to be drawn down in several tranches (e.g. a first tranche to purchase a plot of land and a second tranche for construction), it is possible to agree a maximum draw-down period of 24 months. The first repayment date may also be defined based on the consumer's needs. These parameters may have an impact on the cost of the loan and are specified in the loan agreement and in the ESIS (European standardised information sheet).

Costs

In addition to the debit interest applicable to the loan, other costs may be payable by the consumer and are included in calculation of the effective annual percentage rate (APR). These charges are as follows:

- single advance fee (administrative charges for provision of the funds),
- administration fees (administrative charges for studying the application),
- account fees.

Setting up the loan may generate other charges which, since they are not known by the Bank, are not included in the total cost of the loan. These may include charges linked to mortgage registration, notary fees or credit protection insurance. These charges will also be payable by the consumer, in one instalment, once the loan has been set up.

Representative example

Loan amount	EUR 300,000
Loan term	20 years
Annual interest rate	1.80%
Effective APR	1.89%
Monthly repayment	EUR 1,494.63
Total cost of the loan including: ▪ single advance fee ▪ account fees	EUR 59,711.20 EUR 1,000.00 EUR 432.00
Total amount payable by the consumer	**EUR 359,711.20**

Types of collateral

To protect itself against any default by the consumer, the Bank asks for the loan to be backed by a first-ranking mortgage over the building or land to be financed. If necessary, a mortgage charge over another property may be requested. The Bank also requires the consumer to take out credit protection insurance in its favour.

Other collateral or guarantees may also be established in favour of the Bank:

- a bank guarantee,
- a third-party guarantor,
- a pledge of assets (cash or securities),
- wage assignment,
- assignment of the proceeds from a life insurance policy or home savings account.

Cooling-off period

Once a consumer receives a variable-rate loan offer from the Bank, that consumer has a cooling-off period of 30 calendar days to decide whether or not to commit to the loan agreement. The Bank will leave the terms and conditions of its offer unchanged during this time.

For fixed-rate loans, the consumer has a cooling-off period of 14 calendar days from receipt of the offer. The loan agreement must be signed during that period to benefit from the fixed interest rate offered. At the end of this period, the Bank will issue a new interest rate based on market conditions.

Early redemption

The consumer may repay all or part of the loan early, at any time before the specified term. Repaid amounts may not be reused. In return, the Bank is entitled to fair and objective compensation when this appears justified.

The repayment terms may differ depending on the type of rate applied to the loan agreement.

For variable-rate loans, total or partial early repayment may be made with no additional charges by means of a simple transfer to the consumer's loan account. This will either shorten the term of the loan or adjust the repayment amounts, depending on the terms of the agreement.

For fixed-rate loans, early repayment will result in payment of a termination fee by the consumer. This fee will be due whenever the Bank is unable to reinvest the repaid funds at an identical rate to that specified in the loan agreement concluded with the consumer.

Early repayment exposes the Bank to the risk of being unable to reinvest the funds for the period specified at the start of the agreement at the same interest rate, depending on market movements. This therefore potentially represents a cost to the Bank, which is passed on in the form of a termination fee payable by the consumer.

This will therefore depend on the difference between the fixed rate negotiated in the loan agreement and the reinvestment rate available at the time of the early repayment; that difference being multiplied by the discount factor by which the future cash flow must be multiplied in order to obtain the present value. The total fee represents the sum of the interest differences updated for all future repayment periods.

If the initial loan refinancing rate is higher than the reinvestment rate, a fee will be payable by the consumer, calculated according to the formula described above, depending on the amortisation profile of the loan and the amount repaid. Under no circumstances may the repayment be less than the Bank's administration costs for handling the early repayment request, which are fixed at EUR 150. If the initial loan refinancing rate is lower than the reinvestment rate, the Bank will be entitled to a fee of EUR 150 corresponding to the administration costs for handling the early repaymen request.

In any case, if the loan was taken out to enable the purchase of a house used as the consumer's effective principal residence for an uninterrupted period of at least two years, the fee paid by the consumer may not exceed the value corresponding to six months' interest on the principal balance subject to early repayment, calculated at the interest rate applicable to the property loan agreement on the early repayment date. It should be noted that this cap will not apply to the fraction of the total amount of early repayments exceeding EUR 450,000. It is up to the consumer to produce the documentation demonstrating entitlement to claim the capped fee.

Prior to early repayment, the consumer must notify the Bank of the intention to repay all or part of the loan. The Bank will then send the consumer the amount of the fee to pay. The consumer will have 14 calendar days to notify acceptance of the early repayment conditions, via whichever means of communication it chooses. Any effective repayment made to the loan account will be deemed to indicate acceptance of the early repayment conditions.

Ancillary services

The Bank requires fire and civil liability insurance to be taken out on the property, the costs of that insurance being payable by the consumer. The consumer may procure those services from the provider of its choice.

Non-compliance with obligations under the property loan agreement

The Bank reserves the right to terminate the loan agreement without notice in the event of non-compliance with the terms of the agreement. Termination of the loan will imply cessation of use of the loan and make all sums owed by the consumer repayable to the Bank. The Bank will therefore draw up a final statement indicating the outstanding principal balance, as well as all interest, commissions, fees and other ancillary charges.

In the context of legal proceedings to obtain recovery of its debt, in addition to the amounts owed the Bank may require the consumer to reimburse all costs incurred.

The consumer should be aware that, in the event of default, the mortgage charge granted in favour of the Bank may be invoked as part of recovery proceedings. The mortgaged property may therefore be repossessed and sold.

If consumers encounter difficulties making monthly repayments, they should make contact in order to consider potential solutions. As a last resort, the house may be repossessed if the consumer does not meet the repayments.

Valuation of the property

Depending on the value of the property and any changes to be made to it, the Bank may request a valuation of the property given as collateral. If the Bank decides to value the property itself, the consumer will not be charged any additional fee.

In the event of disagreement concerning the valuation of the property, the Bank reserves the right to request valuation by a third party, with resulting fees payable by the consumer. The rules for valuing properties are defined by law.

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