

# BNP PARIBAS ENHANCED PROTECTION CLASSIC AUTOCALL

MAY 2023 FACTSHEET

**TARGET RETURN: USD = 9.10% p.a.**



## INVESTMENT DESCRIPTION

A 6 year investment linked to the performance of French, Hong Kong, Spanish and US Indices.

If on any semi annual observation date (including the Final Observation date), starting at 12 months, all of the Underlyings are at or above the Autocall Trigger, the investment will autocall. Initial capital plus the Coupon Rate for each semi-annual period which has elapsed is paid and the investment will end.

If the investment does not autocall then at the Final Observation date, if all Underlyings are at or above the Capital Protection Barrier, then full capital is returned. If any Underlying is below the Capital Protection Barrier, capital return will be reduced on a 2-for-1 basis from 100%. For example, if the worst performing Underlying has fallen to 40% of its original level, 80% of the capital will be returned.

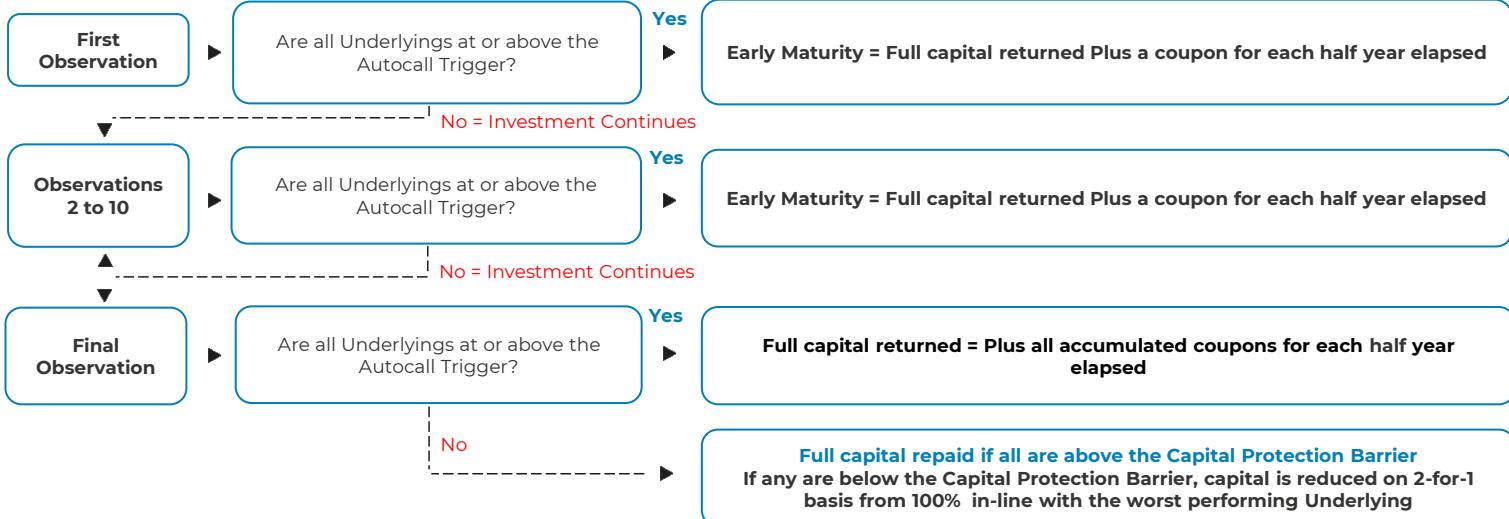
## BENEFITS

- Autocall feature potentially shortens the investment term and is triggered by minimal market growth.
- Snowballing coupon.
- Minimal market growth needed to deliver enhanced returns.
- Early maturity provides an opportunity to re-assess client's wealth strategy.
- Geared put strike can reduce loss to capital when compared to a European Barrier.
- Daily pricing.

## RISKS

- The return is limited to the pre-defined investment terms.
- The coupon payment is conditional upon the Underlying performance.
- Investors will be exposed to the credit risk of the Issuer. If the Issuer becomes insolvent or cannot make the payments on the Product for any other reason, investors could lose some or all of their investment. A decline in the Issuer's credit quality is likely to reduce the market value of the Product and therefore the price an investor may receive for the Product if they were to sell them in the market.
- There is a risk to capital should one of the Underlyings breach the Capital Protection Barrier on its Final Observation date.
- Should investors need to sell their investment before maturity, the trading price will likely mean they get back less than they invested.

## HOW THE INVESTMENT WORKS



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## PRODUCT FACTS & FEATURES

<b>Issuer:</b>	BNP Paribas Issuance B.V.
<b>Guarantor:</b>	BNP Paribas
<b>Credit Ratings:</b>	Fitch AA -, Moody's Aa3, S&P A+
<b>Source:</b>	BNP: 09.05.2023
<b>Maximum Term:</b>	6 years
<b>Investment Structure:</b>	Classic Autocall
<b>Autocall Opportunities:</b>	Semi-Annual (First Observation at 12 months)
<b>Autocall Trigger:</b>	100% of initial level
<b>Coupon Rate:</b>	USD: 4.55% Semi-Annual (9.10% p.a.)
<b>Capital Risk:</b>	Not capital protected
<b>Capital Protection Barrier:</b>	50% Strike with Geared Put (at maturity)

<b>Underlying Basket</b>	<b>Bloomberg Code</b>
France: CAC 40	CAC Index
Hong Kong: Hang Seng	HSI Index
Spain: IBEX 35	IBEX Index
US: S&P 500	SPX Index

## KEY INFORMATION

<b>Subscription Period:</b>	09 May 2023 – 22 May 2023 (4.30pm UK Time)
<b>Issue Price:</b>	100%
<b>Strike Date:</b>	23 May 2023
<b>Issue Date:</b>	30 May 2023
<b>1st Autocall Observation:</b>	23 May 2024
<b>Final Observation:</b>	23 May 2029
<b>Maturity Date:</b>	31 May 2029
<b>Denominations:</b>	USD = 1,000 then lots of 1,000
<b>ISIN:</b>	XS25065725267

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## 50% STRIKE WITH GEARED PUT vs 50% EUROPEAN BARRIER – UNDERSTANDING THE DIFFERENCE

This product has an Enhanced Defensive Barrier using the feature known as a Leveraged Put.

Client capital is still at risk if the worst performing underlying is below the final barrier level on the maturity date.

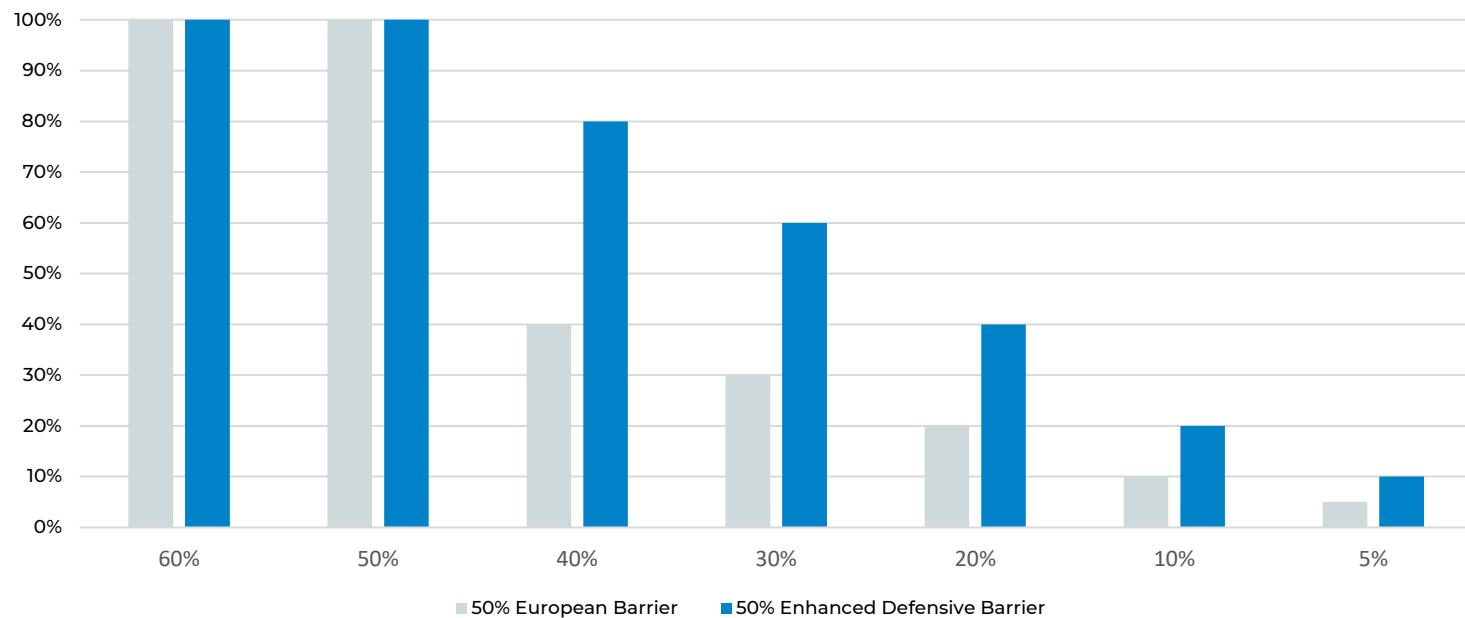
If a European barrier is breached, capital is reduced on a 1 to 1 basis in line with the worst performing underlying. so For example, with a 50% European-style barrier, if the worst performing underlying has fallen by 60% from its initial level, then investors will receive 40% of their capital back.

With an Enhanced Defensive Barrier, capital is lost proportionately from the barrier level. For example, with a 50% leveraged put, investors would lose 2% for every 1% the worst performing underlying is below the put level. So if the worst performing underlying had fallen by 60% investors would get back 80% of their initial capital (rather than 40% with a European-style barrier).

An Enhanced defensive barrier will always provide an enhanced return over a European barrier if the final barrier is breached, however, the improved return will vary depending upon the barrier level.

Performance of Worst Underlying (% of initial level)	Capital Return using 50% Strike with Geared Put	Capital Returned Based on \$10k Investment	Capital Return using 50% European Barrier	Capital Returned Based on \$10k Investment	Improved Capital Return using 50% Strike with Geared Put
50%	<b>100%</b>	<b>\$10,000</b>	100%	\$10,000	<b>\$0.00</b>
45%	<b>90%</b>	<b>\$9,000</b>	45%	\$4,500	<b>\$4,500</b>
40%	<b>80%</b>	<b>\$8,000</b>	40%	\$4,000	<b>\$4,000</b>
35%	<b>70%</b>	<b>\$7,000</b>	35%	\$3,500	<b>\$3,500</b>
30%	<b>60%</b>	<b>\$6,000</b>	30%	\$3,000	<b>\$3,000</b>
25%	<b>50%</b>	<b>\$5,000</b>	25%	\$2,500	<b>\$2,500</b>
20%	<b>40%</b>	<b>\$4,000</b>	20%	\$2,000	<b>\$2,000</b>
15%	<b>30%</b>	<b>\$3,000</b>	15%	\$1,500	<b>\$1,500</b>
10%	<b>20%</b>	<b>\$2,000</b>	10%	\$1,000	<b>\$1,000</b>
5%	<b>10%</b>	<b>\$1,000</b>	5%	\$500	<b>\$500</b>
0%	<b>0%</b>	<b>\$0.00</b>	0%	\$0.00	<b>\$0.00</b>

Return of Capital Based on Worst Performing Underlying as a % of the strike level



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**OBSERVATION DATES** (some dates may vary if a bank holiday or non-business day occurs)

	<b>Observation Date</b>	<b>Payment Date</b>	<b>Autocall Trigger</b>
<b>Observation 1</b>	23 May 2024	31 May 2024	n/a
<b>Observation 2</b>	25 November 2024	03 December 2024	100%
<b>Observation 3</b>	23 May 2025	02 June 2025	100%
<b>Observation 4</b>	24 November 2025	02 December 2025	100%
<b>Observation 5</b>	26 May 2026	02 June 2026	100%
<b>Observation 6</b>	23 November 2026	01 December 2026	100%
<b>Observation 7</b>	24 May 2027	01 June 2027	100%
<b>Observation 8</b>	23 November 2027	01 December 2027	100%
<b>Observation 9</b>	23 May 2028	31 May 2028	100%
<b>Observation 10</b>	24 November 2028	01 December 2028	100%
<b>Final Observation</b>	23 May 2029	31 May 2029	100%
<b>Final Observation</b>	23 May 2029	31 May 2029	50% Geared Put

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**BNP Paribas SA** attracts deposits and offers commercial, retail, investment, and private and corporate banking services. The Bank also provides asset management and investment advisory services to institutions and individuals in Europe, the United States, Asia, and the emerging markets.

**Source:** Bloomberg 09.05.2023

## RATIONALE

Structured products are becoming increasingly popular for investors due to the wide variety of payoffs and levels of protection that can be achieved by the different types of structures that are available.

Autocalls have been one of the most popular structures over the years. With a classic autocall, returns are paid if all Underlyings are at or above the Autocall Trigger on an observation date.

The Underlyings detailed overleaf have been selected in order to support the anticipated delivery of the coupons.

The autocall payoff can bring an early return of capital allowing the opportunity for a re-assessment of investment strategy. The value of this feature cannot be underestimated as it brings with it the opportunity to secure capital value, as well as the chance to take advantage of future market trends.

To manage the capital risk, a final level barrier set at 50% means an Underlying must fall by more than 50% over the full term before capital is at risk.

## SUITABILITY

This product may be suitable for investors who:

- Are seeking the opportunity for higher returns than current cash rates at the time this product was launched.
- Are seeking growth rather than income.
- Understand and accept there is a risk to capital and how the Capital Protection Barrier works.
- Understand the impact of global economic issues and how they will affect the product.
- Understand the criteria which will determine the coupon payments.
- Are looking to invest for the medium to long term, being happy to remain invested until maturity.
- Can afford to have their cash invested for the full term of the Product.
- Wish to use this investment as part of a well-diversified portfolio.
- Understand that the returns are pre-defined and that they will forgo any growth in the Underlyings which exceeds the fixed level available with this investment product.
- Understand the risk to capital in the event of a counterparty default.
- Should they need to sell their investment, accept that the trading price will likely mean they get back less than they invested.

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## THE UNDERLYINGS

The **CAC 40®** is a free float market capitalization weighted index that reflects the performance of the 40 largest and most actively traded shares listed on Euronext Paris, and is the most widely used indicator of the Paris stock market. The index serves as an underlying for structured products, funds, exchange traded funds, options and futures. It is operated by Euronext, the pan-European exchange.

The **Hang Seng Index** is a free-float capitalization-weighted index of a selection of companies from the Stock Exchange of Hong Kong. The components of the index are divided into four subindices: Commerce and Industry, Finance, Utilities, and Properties. The index was developed with a base level of 100 as of July 31, 1964.

The **IBEX 35** is the official index of the Spanish Continuous Exchange. The index is comprised of the 35 most liquid stocks traded on the Continuous market. It is calculated, supervised and published by the Sociedad de Bolsas. The equities use free float shares in the index calculation. The index was created with a base level of 3000 as of December 29, 1989. For options please run IDA Index OMON.

The **S&P 500®** is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

Source: Bloomberg 09.05.2023

## MOVEMENT IN THE UNDERLYINGS OVER A 12 YEAR PERIOD



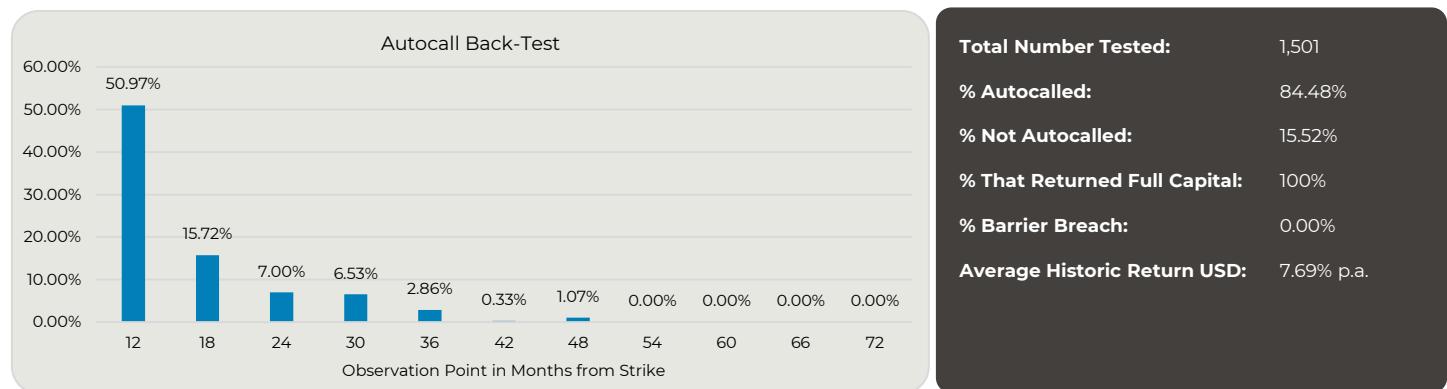
## 12 YEAR BACK-TESTING

Back-testing shows how the investment would have performed historically using data from previous potential strike dates and observations. Although past performance is not an indication of future performance, it can give a factual insight into how the investment would have performed historically.

This 12 year back-test shows the historical data for a full 6 years of 6 year products that could reach the full term.

Of the 1,501 product scenarios tested, 84.48% would have autocalled paying all available coupons.

None of the scenarios tested would have breached the Capital Protection Barrier.



**Past performance is not a reliable indicator of future performance and should not be used to assess the future returns or risks**

**Source:** Bloomberg 09.05.2023, Data period: 28.04.2011 to 28.04.2023 - Assumptions shown are net of any initial fees or costs and describe the potential historic return that a client would have received based on the terms of this Product.

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## PLACING TRADES

Trade orders should be sent to [orders@idad.com](mailto:orders@idad.com)

All trades will be settled direct with IDAD's Euroclear a/c 44382

## SECONDARY MARKET

The Issuing bank will endeavour to provide quotes under normal market conditions for trading purposes upon request, subject to a Bid-Offer spread of 1%. On the secondary market, traded prices will include any accrued interest ("dirty prices"). Sale trades will settle 2 days after the trade date. Trading details as above.

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Fees of up to 0.666% p.a. for the maximum term of the investment may be paid by the Issuer to cover marketing, distribution and advice costs. The fees have been fully accounted for in the calculation of the Product's structure. For example, this means that an investment of \$10,000 will have any income/growth payments and capital protection based on the full \$10,000.

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