Product Information

This document provides you with product information about Foreign Exchange SWAP. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in a Foreign Exchange Forward. You are advised to read it so you can make an informed decision about whether to invest.

Foreign Exchange Forward

Provider: Bank of China Paris Branch

Caution: You are about to purchase a product that is not simple and may be difficult to understand.

Definition and Objectives

Definition

A Cross Currency Interest Rate Swap (CCS) is an OTC derivative in a form of an agreement between two parties to exchange interest payments and principal on loans denominated in two different currencies. In a cross-currency swap, a loan's interest payments and principal in one currency would be exchanged for an equally valued payments in a different currency. In addition, depending on the client's requirements, the interest rate may be determined to be fixed or floating.

Objectives

The objective is to provide a tailor-made solution where the client can manage its assets and liabilities by swapping a principal and interest payments from one currency into another and can also change the interest rate type (floating or fixed). In addition, a CCS helps a company to hedge its exchange rate and interest rate.

Intended investor

This product is offered to investors who understand the forces that impact in the exchange rate and interest rate markets. Hence, it is available for Professional client and Eligible counterparty. The investment objective of the intended client is to hedge its exchange rate and interest rate exposures. The investor should have an investment horizon aligned with the CCS and should be able to bear the risk associated with market fluctuations.

The CCS has a maturity date. Neither the provider nor client is entitled to terminate the product agreement unilaterally (except specific conditions in the FX Transaction Application).

Risk and reward profile

Significant risk(s) for the CCS are:

Liquidity risk: CCS is a type of product that is intended to be held until maturity. Investors are not entitled to early redemption of invested principal or accrued interest before maturity. Accordingly, it may not be possible for investors to modify, terminate or transfer their rights and obligations, or their exposure to the risks associated with a particular transaction, prior to its scheduled termination date.

Interest Rate Risk: is the risk of loss arising from interest rate fluctuations. Investors should be aware of the risk that the fixed interest rate may be worse than the floating rate when they choose fixed rate to replace floating rate, or vice versa.

Exchange Rate Risk: is the risk of loss arising from exchange rate fluctuations. Investors should be aware that the fixed rate might not be better than the market spot rate at maturity.

Credit Risk: it shall be low, as BOC has a good rating level from external credit ratings. However, the products, as the bank's direct, unsubordinated and unsecured obligation, rely on the Bank's credibility and solvency. If the Bank becomes insolvent or subject to other similar events, investors may experience significant risk and delay in recovering their investment

Performance Scenarios

CCS is not a product focused on capital gains. However, the CCS can be impacted by exchange rate and interest rate fluctuations, depending on whether the client decides to change its interest rate type from fixed to floating, or vice versa.

Scenario	Results
Favorable scenario: the underlying interest rate goes in the direction in which the client swapped	Client swapped from floating to fixed as it expects the underlying interest rate to increase. The underlying interest rate increases above the fixed rate that the client is now paying. The client saves on interest costs.
Unfavorable scenario: the underlying interest rate does not go in the direction in which the client swapped	Client swapped from floating to fixed as it expects the underlying interest rate to increase. The underlying interest rate doesn't increase above the fixed rate that the client is now paying. The client needs pay more on interest costs.

Charges

There would be an 'all-in' price, which might include bid or offer spread. Bank of China Paris Branch will not charge any other fee for building or distributing CCS as a provider.

If any additional or exceptional fee is charged, the provider will communicate to the client about the nature and exact amount of this additional cost so client could take decision to invest in the product in a transparent way.

The person selling or advising the investor about this product may charge other costs. If so, this person will provide the investor with information about these costs, and show the impact that all costs will have on the investment over time.

Recommended Holding period

Recommended holding period depends on the maturity the CCS and matches with the time horizon and liquidity constraints of the investor.

The Investor may request the early termination of this agreement. Such request must be made in writing to the provider, setting out the reasons for the early termination. Acceptance of the early termination request is at the sole discretion of the provider and subject to any costs or penalties that may arise to the investor or the provider due to the early termination, such costs to be borne by the investor.

Complaints

A complaint can be addressed to the Bank by post, email, fax or telephone to Legal & Compliance department of the Bank:

Attention: Legal & Compliance department

23/25 Avenue de Grande Armée, 75116 Paris, France

Tel: + (33) 149 706 253

Fax: + (33) 149 701 375

Email: compliance.fr@bankofchina.com

Complainant should clearly indicate his/her personal and contact details as well as description of the object of the complaint.

Other relevant information

Depending on your tax regime, returns may be subject to taxation. We advise you to consult your relationship manager for more information on taxation.

Additional information is available in the provider website (www.bankofchina.com/fr/) or by contacting your relationship manager.