

PRODUCT DISCLOSURE DOCUMENT

PURPOSE

This document provides you with information about this product to help you understand the nature, risks, potential gains and losses of the product. The target clients for this product are determined accordingly to the relevant Product Governance procedure of each business line of the Group. This document is made available to you to satisfy regulatory information requirements about financial instruments in accordance with regulatory requirements. General disclosures relating to BNP Paribas, its services, and financial instruments (including general risk warnings of the risks associated with financial instruments) it may offer to clients are also contained in the client package that was made available to you. These general disclosures remain applicable to this product.

PRODUCT

Interest Rate Cap – Client Buyer	
Product name	Interest Rate Cap - Client Buyer ("Cap", "Option" or "this Product")
Product manufacturer	BNP Paribas SA ("BNPP" or "the Bank")

WHAT IS THIS PRODUCT?

► TYPE

An "over the counter" (OTC) derivative contract, in the form of an option, on interest rate.

► OBJECTIVES

The objective of This Product is to manage the risk of unfavourable fluctuations of interest rates, up to maturity. Via the Cap, you pay a premium upfront, and you benefit from a protection against a rise of the Floating Rate above a given ceiling (also called the "Cap Strike").

On each Floating Rate Payer Payment Date, you will receive the difference between the Floating Rate and the Cap Strike applied to the relevant Notional Amount (in the Product Currency) if the Floating Rate is higher than the Cap Strike.

► PRODUCT MAIN FEATURES

Calculation Agent	BNP Paribas
Buyer of Option	Client
Currency	EUR
Notional Amount	EUR 1,000,000
Reference Rate (or Floating Rate)	3m EURIBOR
Fixing Date	In-advance
Cap Strike (or Cap Rate)	1.50%
Floating Rate Payment Date	Quarterly
Floating Rate Day Count Fraction (Floating Rate Basis)	Act/360
Effective Date	15 December 2017
Final Maturity Date (or Termination Date or Maturity Date)	15 December 2022
Premium	EUR 30,000

► INTENDED CLIENT

This Product is only for clients who:

- Pay the Floating Rate + credit margin under one or more debt(s)
- Have the financial capacity to enter into This Product and to bear any potential loss related thereto;
- Need, up to maturity, a protection against a possible rise of the Floating Rate, under those debt(s), and are willing to pay the Premium Amount.
- Have sufficient knowledge and experience to understand how This Product works and to assess the associated opportunities and risks.

WHAT ARE THE RISKS AND BENEFITS OF THE PRODUCT?

Risks	Benefits
For a Buyer of the Option, if the Option expires worthless at each Payment Date, the premium paid upfront is a cost that cannot be recovered.	For a Buyer of Option, the purchased Option offers protection against a possible increase in interest rates beyond the Cap Strike.
For Seller of Option there is unlimited downside.	For a Buyer of Option, it protects against the worst-case market scenario and therefore works as an insurance product with a premium paid upfront.
	The Seller of the Option receives the premium upfront.

► SCENARIO ANALYSIS

CAUTION: The following scenario is provided solely for illustrative purposes. All figures in the table are hypothetical and are intended only to demonstrate how cash-flows are calculated at each expiration date. They do not represent a precise reference, nor any forecast of future exchange-rate movements. The cash-flows derived from the rates in the table do not incorporate discounting. Therefore, should the scenario materialise, the total cash-flows would not be equivalent to the option's mark-to-market value.

Note that the scenario analysis is based on a single expiry and does not incorporate the premium paid upfront to enter the Option. The possibility of exercise and the associated cash-flow will be evaluated on every Floating Rate Payment Date.

Expiry Date	Reference Rate (or Floating Rate)	Option Exercised?	Exchange Rate Applied to Client	Cash Flow EUR
15/12/2022	1.50%	No	-	-
15/12/2022	1.20%	No	-	-
15/12/2022	1.80%	Yes	1.50%	758.33

Scenarios details:

- Reference Rate (or Floating Rate) = 1.50% (equal Cap Strike of 1.50%)

On 15/12/2022, the option expires at-the-money and there is no cashflow.

- Reference Rate (or Floating Rate) = 1.20% (below Cap Strike of 1.50%)

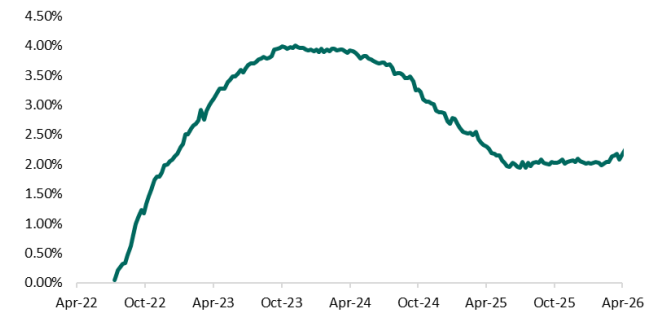
On 15/12/2022, the option expires out-the-money and there is no cashflow.

- Reference Rate (or Floating Rate) = 1.80% (above Cap Strike of 1.50%)

On 15/12/2022, the option expires in-the-money, and the client can exercise it. The cash flow received by the client is equal to $(1.80\% - 1.50\%) \times \text{Day Count Fraction} \times \text{Notional Amount} = 758.33 \text{ EUR}$.

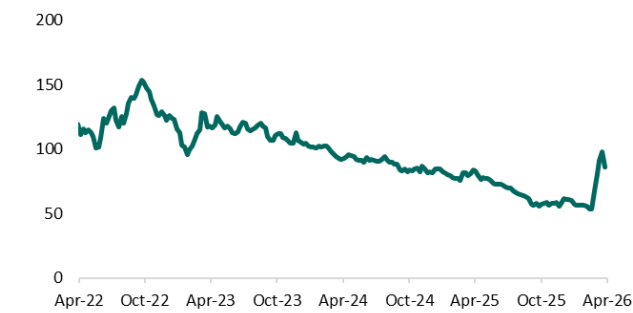
► Market References: Historical Performance

Historical 3m EURIBOR



July 2022 – April 2026 Historical 3m EURIBOR	
Maximum	4.00%
Minimum	0.04%
Average	2.75%
Last Price	2.15%

5Y Cap vs 3mE Implied Vol (bps)



April 2022 – April 2026 Historical Implied Volatility	
Maximum	153 bps
Minimum	33 bps
Average	88 bps
Last Price	86 bps