

CNY (Chinese Yuan, also called Renminbi) in this Account Application Form refers to the offshore CNY. CNY is traded both onshore in China, and offshore (outside of China Mainland). It is the same currency but they trade at different rates. As Chinese regulations have explicitly kept onshore CNY and offshore CNY separated, the respective supply and demand conditions lead to separate market clearing exchange rates. Buying CNY involves liquidity risk. CNY is not yet freely convertible to other currencies and is subject to exchange controls and restrictions initiated by China which may make it difficult or impossible for the Customer to convert CNY to other currencies.

The value of the Customer's USD, EUR and CNY payment account, time deposit balance will be subject to currency risk, the risk of exchange rate fluctuation. If the Customer chooses to convert his USD, EUR and CNY payment account, time deposit balance to other currencies at an exchange rate that is less favorable than that in which he made his original conversion to USD, EUR and CNY the Customer may suffer a loss in principal. The net return in relation to a payment account, time deposit balance will depend upon market conditions prevailing at the currency conversion date. The Customer must be prepared to incur a loss as a result of depreciation in the value of the currency paid. Such loss may offset the interest earned on the saving account and time deposit and may even result in losses in the principal amount of the payment account, time deposit balance. Given the potential fluctuations in foreign currencies it is recommended that the Customer closely monitors his position.

The Customer should also be aware of the foreign currency exchange bid-offer spread when converting from one currency to another currency and re-converting back into the original currency. The bid rate is the foreign currency rate at which the Bank is willing to buy the currency. The offer rate is the foreign currency rate at which the Bank is willing to sell the currency. The difference between the bid rate and the offer rate is called the bid-offer spread. The Bank will provide the Customer with bid and offer rates. The rates the Bank quotes are determined by the Bank and usually represent a mark-up or markdown of inter-bank dealing rates.

The funds in the Payment Accounts are giro-based cashless funds. Only in the case of a EURO Payment Account cash can be deposited in or withdrawn. USD and CNY cannot be deposited in or withdrawn in cash