Product Disclosure Statement

Foreign Exchange & Interest Rate Derivatives

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Product Disclosure Statement

This is the Product Disclosure Statement (“PDS”) prepared in response to “Master Direction – Reserve Bank of India (Market-makers in OTC Derivatives) Directions, 2021”.

This document contains standard information about all the products offered by Citibank, N.A, Mumbai Branch and is being made available to the users for providing adequate information to decide if the products will meet their needs and to facilitate comparison with other products.

The purpose of this document is to provide key information on various products, including but not limited to, wherever possible and applicable: features, indicative contract terms and conditions, benefits and risks, payoff, costs and fees, illustration, etc.

This document should be read in its entirety and in conjunction with the Risk Disclosure Document for the corresponding products as well as Indicative Terms and Conditions.

Derivative Glossary

- American option: a call or put option that gives the option buyer the right to exercise the option at any time between the start date and expiry date.
- Autocallable: a derivative instrument that automatically early-terminates if the underlying asset or benchmark passes a predetermined barrier level.
- Barrier option: a derivative contract where payoff depends on whether the underlying asset has reached or exceeded a predetermined price.
- Bermudan option: a call or put option that gives the option buyer the right to exercise the option at the specific dates between the start date and expiry date.
- Callable: a feature of a derivative instrument that indicates it is subjected to redemption before maturity. The right to early-terminate typically resides with the issuer / seller. These types of contracts are also called Cancellable trades.
- Call option: a derivative contract that gives the option buyer the right but not the obligation to buy an underlying asset within a certain time period. Can be European, Bermudan, American etc.
- Cap: a series of caplets.
- Caplet: an interest rate derivative where the buyer has the right but not the obligation to receive a payment if the underlying interest rate benchmark fixes above the strike at expiry.
- CMS: a Constant Maturity Swap is a variation of a vanilla interest rate swap in which the floating portion of the swap is reset periodically against the rate of a fixed maturity instrument.
- CMOIS: a Constant Maturity Overnight Index Swap is a variation of the Constant Maturity Swap where the floating portion is reset periodically against the rate of a fixed maturity overnight index swap.
- Correlation: any statistical measure indicating the extent to which two or more variables fluctuate in relation to each other. It is a measure of how closely two factors move with/against each other.
- Cross currency swap: an agreement between two parties to exchange interest payments and principal denominated in two different currencies.
- Derivative: a type of financial contract whose value is dependent on an underlying asset or benchmark.
- Digital option: a type of option that gives the option buyer a fixed pay-out or none at all. These types of contracts are often called all-or-nothing options.
- European option: a call or put option that gives the option buyer the right to exercise the option at the expiry date.
- Floor: a series of floorlets.

Derivative Glossary

- Floorlet: an interest rate derivative where the buyer has the right but not the obligation to receive a payment if the underlying interest rate benchmark fixes below the strike at expiry.
- Forward: a derivative contract between two parties to buy or sell an underlying asset at a specified date and specified price
- Forward Rate: the market price of the future value of the underlying asset or benchmark.
- Hedge: a strategy that tries to limit risks in financial assets.
- IBOR: InterBank Offered Rates, including the London Interbank Offered Rate (LIBOR), are interest rate benchmarks that are (were) used in a wide variety of financial instruments. Please read IBOR Cessation Compliance Risk.
- In-the-Money: refers to an option that possesses intrinsic value, meaning that the option presents a profit opportunity due to the relationship between the strike price and prevailing market price of the underlying asset.
- Interest Rate rally: a rally in interest rates refers to an increase in bond prices, and hence a decrease in the level of interest rates.
- Interest Rate sell-off: a sell-off in interest rates refers to a decrease in bond prices, and hence an increase in the level of interest rates.
- Interest rate swap: a contract in which one stream of future interest payments is exchanged for another based on a specified principal amount.
- Knock-in barrier option: a derivative contract that has no value until the underlying reaches or exceeds a certain price.
- Knock-out barrier option: a derivative contract that expires worthless if the underlying reaches or exceeds a certain price.
- Option premium: the cost a buyer of an option pays for the option.
- Out-of-the-Money: refers to an option that lacks intrinsic value, meaning that the option does not present a profit opportunity due to the relationship between the strike price and prevailing market price of the underlying asset
- Payer Swaption: a derivative contract the gives the buyer the right but not the obligation to enter in an interest rate swap where the buyer pays the fixed rate.
- Payoff: expected payment received by the buyer of a financial contract.
- Put option: a derivative contract that gives the option buyer the right but not the obligation to sell an underlying asset within a certain time period. Can be European, Bermudan, American etc.
- Puttable: a feature of a derivative instrument that gives the buyer the right to return the instrument back to the issuer before the maturity date.

Derivative Glossary

- Receiver Swaption: a derivative contract the gives the buyer the right but not the obligation to enter in an interest rate swap where the buyer receives the fixed rate.
- RFR: Risk Free Rates, including SOFR, EONIA and SONIA, are interest rate benchmarks used in a variety of financial instruments. These benchmarks are increasingly replacing or have replaced their corresponding IBOR benchmarks for financial instruments. Please read IBOR Cessation Compliance Risk.
- Spot Rate: the current market price of the underlying asset or benchmark.
- Strike Rate: the agreed price between the parties in a financial contract to buy or sell the underlying asset.
- Target Redemption / TARF / TARN: a derivative instrument that automatically early-terminates if the coupons reaches passes a predetermined barrier level. This could cover paid coupons, or paid as well as accrued-but-unpaid coupons.
- Volatility: degree of variation of the trading price series of an underlying asset or benchmark over time. It is a measure of uncertainty and market participants often associate it with risk, as such it is considered a proxy of perceived risk.

Risks Associated With Derivatives

Derivative Risks

- **Suitability & Appropriateness Risk:** Derivatives have the risk of not being appropriate or suitable to some users. Users should determine whether the transaction is appropriate to their circumstances and consult with their own independent financial, legal, regulatory capital, accounting, business, and tax advisers to determine the consequences of the transaction and to arrive at their own evaluation of the transaction.
- **Early Termination Risk:** The transaction may be subject to early termination in certain transactions, resulting in a re-investment risk.
- **Unwind Price Risk:** Early termination will consider prevailing market rates, product liquidity, hedge costs, cost of funding amongst other factors. The determination of the unwind price may be dependent on several factors that are not easily observable in the market.
- **Premium Risk:** Derivative transactions may result in the client to lose the premium amount paid upfront.

Market Factor Risk

Market Factor Risk: Various market factors that impact the price of a derivative, such that the relation & inter-relations might be un-intuitive to the client.

- **Interest Rate Risk:** If the underlying interest rate benchmarks move from their current levels, the mark-to-market value of the transaction may be adversely affected.
- **FX Risk:** If the underlying FX exchange rate move from its current levels, the mark-to-market value of the transaction may be adversely affected.
- **Market Disruption Risk:** Markets may cease to function in a regular or orderly manner which may lead the market prices to be no longer observable and hence valuation of the derivative transaction to not be immediately available or intuitive.
- **Illiquidity Risk:** The transaction may not be a readily liquid instrument. There may exist a time when there is a lack of liquidity or low trading volume in the market for the Transaction, and this potential illiquidity could significantly decrease the market value of the Transaction.

Credit Risk

Counterparty / bilateral risk

- **Pre-settlement Risk:** The risk of loss due to a Counterparty defaulting on a contract during the life of a transaction. The level of exposure varies throughout the life of the contract and the extent of losses will be known only at the time of default.
- **Settlement Risk:** The risk of loss due to the Counterparty's failure to perform on its obligation after an institution has performed on its obligation under a transaction on the settlement date. Settlement risk frequently arises in international transactions because of time zone differences.

Risks Associated With Derivatives

Regulatory Risk

Due to regulatory events

- **Inconvertibility Risk:** Risk of an event that has the effect of it being impossible, impracticable, or illegal to convert any required payment to the required currency for settlement.
- **Non-Transferability Risk:** Risk of an event that makes it impossible, impracticable, or illegal for any party to deliver the required currency payment between accounts.
- **IBOR Cessation Compliance Risk:** If the Counterparty transacts in any derivatives linked to an interbank offer rate (IBOR) such as LIBOR, or any synthetic rate (such as MIFOR) that use an IBOR in its calculation, please note that there is a risk that such IBOR may be discontinued prior to the maturity of the derivatives contract. A contractual fallback will define the events that will trigger the benchmark fallback and the methodology that will determine the fallback rate. The potential mismatches may impact the hedge effectiveness, financial reporting, and value of existing derivatives contracts.
- **Default Risk:** Risk of the underlying asset or security defaulting, affecting the price of the underlying benchmarks.

Conflict of Interest Risk

3rd Party: Potential conflicts of interest may exist in the structure and operation of the strategy and the course of the normal business activities of Citigroup or any of its affiliates or subsidiaries.

1st Party: Citigroup and its affiliates may perform various roles in relation to the transaction, and each such Citi entity may have a conflict of interest which arises because of the role it performs in relation to the Notes or because of its activities more generally.

Master Direction – Reserve Bank of India (Market-makers in OTC Derivatives) Directions, 2021

Key Change	New Guidelines
User Classification	**Non-retail users:** • All India Financial Institutions (AIFIs) and Non-Banking Finance Companies (NBFCs) (including Standalone Primary Dealers (SPDs) and Housing Finance Companies (HFCs)); • Insurance Companies regulated by the Insurance Regulatory and Development Authority of India (IRDAI); • Pension Funds regulated by the Pension Fund Regulatory and Development Authority (PFRDA); • Mutual Funds and Alternative Investment Funds regulated by the Securities and Exchange Board of India (SEBI); • Resident users with (a) minimum net worth of ₹500 crore; or (b) minimum turnover of ₹1000 crore, as per the latest audited financial statements; and • Persons resident outside India other than individuals. **Retail users:** • Any user who is not eligible to be classified as a non-retail user shall be classified as Retail User. • Any user who is otherwise eligible to be classified as non-retail user shall have the option to get classified as a retail user.
Permitted Products	**Non-retail users:** • All products permitted for retail users and • Option to undertake / cancel a forward rate agreement, foreign exchange forward / swap, currency / interest rate swap, foreign exchange/ interest rate option; and • Any other derivative contract including covered options and derivatives having cash instrument(s) and/or permitted derivative(s) as components but excluding leveraged derivatives and derivatives containing a derivative instrument as underlying other than those specifically permitted. **Retail users:** • Forwards including Forward Rate Agreement • Purchase of call and put options (Only European options) • Purchase of call and put spreads • Purchase of caps, floors, spreads and interest rate reverse collar • Swaps **Non-Deliverable Derivative Contracts (NDDCs):** • All the mentioned products can be executed in the deliverable currency market or non-deliverable currency market. • Non-Deliverable Derivative Contracts (NDDCs) are allowed for all clients • NDDC contracts cannot be early utilized (or) delivered and are necessarily cash settled on expiry date. • The cancellation rate at expiry for NDDCs is necessarily the published benchmark fixing rate. • The currency of settlement will be INR for resident users while the same can be FCY or INR for non-resident users.
Generic Vs. Structured Derivatives	Structured derivative' means an OTC derivative other than a generic derivative. For the purpose of this definition, a **generic derivative** means the following: a) Forward rate agreement b) Foreign exchange forward c) Interest rate swap d) Foreign exchange swap e) Currency swap f) Credit default swap g) Interest rate call / put option (European) h) Interest rate cap (European) i) Interest rate floor (European) j) Foreign exchange call / put option (European)

Derivatives: Possible Product Features & Combinations

For FX products:

- The derivative products can be on the Buy or Sell side.
- The maturity of the products can be Bullet, Discretionary or Market Observable.
- The exercise types can be American, Bermudan or European.
- The Underlying(s)' observations can be single (European) or average (Asian).
- Products with barriers can include Continuous, At Expiry, Window or Discrete barriers, and/or have multiple barriers.
- The risk factors of the product will accordingly be linked to the underlying(s) in the product offering.
- Derivatives can be used to hedge contracted or anticipated exposure as permitted by the extant guidelines.
- For FX products, the underlying currency can be FCYFCY or FCYINR (FCY being USD, EUR, GBP, JPY etc.)
- For interest rate products, the currency of the underlying interest rate can be in various currencies (e.g. USD, EUR, GBP, JPY, INR etc.) and the underlying floating interest rate can reference various benchmarks (MIBOR, 1M/3M T-bill, SOFR, SONIA, EURIBOR etc.)
- For interest rate products, the derivative products can be on the Pay or Receive side.

In case the products are to be executed in the Non-Deliverable market, the following conditions will apply:

- Non-Deliverable Forwards (NDF) and Options (NDO) are allowed for all clients
- Such contracts cannot be early utilized (or) delivered and are necessarily cash settled on the settlement date.
- The cancellation/reference rate at expiry for NDF/NDO is necessarily the published benchmark fixing rate on expiry date.
- The currency of settlement will be INR for resident users while the same can be FCY or INR for non-resident users.

For Interest Rate products each of the interest rate structures can be customized to have the following features

- They can be done various currencies/currency pairs (e.g. USD, EUR, GBP, JPY, INR etc.) and the underlying floating interest rate can reference various benchmarks (MIBOR, 1M/3M T-bill, SOFR, SONIA, EURIBOR etc.)
- The products can be on the Pay Fixed/ Receive Floating or Receive Fixed/ Pay Floating side from the client perspective

Derivatives: Possible Product Features & Combinations

- Index observation can be in Arrears/ Advance
- Quanto – where the Underlying reference Index is applied on Notional of another currency, e.g., USD SOFR applied on INR Notional
- They can be Callable / Puttable / Extendible with the right to call from either the client or the bank side with the call frequency being at a certain time (European)/ anytime (American) or multiple points in time(Bermudan)
- Payoffs on fixed or floating side can be – At regular periods, Zero coupon or Compounded
- Any potential barrier observation can include Continuous / At Expiry / Window / Discrete (or) be multiple barriers
- They can be structured for combination of currency pairs(including deliverable or non deliverable) or be in single currency pairs including INR derivatives
- They can be in both deliverable or non-deliverable currency pairs
- The products can be used as illustrated or in combination with other products as long as extant guidelines are complied with

Foreign Exchange Products at a Glance

Call Option	FX Double Barrier Option	Range Forward Exporter
Covered Call Option	FX Double No Touch	Range Forward Importer
Call Spread	Accumulator (FX Extinguishing Fader)	Seagull Exporter
Capped Forward	FX Hurdle Option	Seagull Importer
Forward	FX Knock Out One Touch	Window Back Barrier KI Option
FX Forward (Non-Deliverable)	FX KO Liability TARN	Window Back Barrier KO Option
Forward Extra (FX Barrier KI Option)	FX One Touch	Window Back Double Barrier KO
FX American Option (Vanilla Put)	FX Pivot TARN (Cap Uncap)	Window Back KI KO Barrier Option
FX Asian Option	Accumulator (Resurrecting Fader)	Window Forward
FX at Expiry Knock In Euro Option	Resurrecting Timer	Window Front Double Barrier Option
FX at Expiry Knock Out Euro Option	FX TARN	Window KO One Touch
FX Barrier Knock In Option	FX Par Forward	Window Knock In Double Barrier
KO Forward (FX Barrier Cont KO)	Put Option	Window Knock In Euro Option
FX Digital Option (Digi Call)	Covered Put Option	Alternate Forward
FX Digital Option (Digi Put)	Put Spread	FX Asian Options (Average Rate Forward)
FX Digital Pivot TARN	Range Accrual	FX Forward (Non-INR Non-Deliverable Forward)

Foreign Exchange Products at a Glance

Non–Deliverable Call Option (FX European Option – Vanilla)

Lookback Forward

Interest Rate Products at a Glance

Averaging Float Leg (Avg Float IRS)	INR Forward Rate Agreement
Callable Cross Currency Swap	INR Forward Rate Agreement (Reverse)
Callable Interest Rate Swap	Interest Rate Cap
CMS Spread Range Accrual	Interest Rate Cap (LIBOR in Arrears)
CMS Spread RA (Pay Floating)	Interest Rate Cap (Sold)
Constant Maturity OIS	Interest Rate Constant Mat Swap
Cross Currency Swap	Interest Rate Swap – Vanilla
Cross Currency Swap (Non-Deliverable Settled in INR)	INR Interest Rate Swap
Cross Currency Swap (Non-Deliverable Settled in USD)	Interest Rate Swap with Compound
Cross Currency Swaption	Interest Rate Swap – Principal Only Swap
Cross Currency Swaption (Sold)	Interest Rate Swap - Coupon Only Swap
Digital Cap Option (Digi Opt Vanilla)	Interest Rate Swap - T-Bill Swap
Digital Spread Option (Vanilla)	Interest Rate Swap - Amortizing Swap
Floating Basis Cross Currency Swap	INR Swaption
Forward Rate Agreement	INR Swaption (Sold)
Bond Forward (Physical Settlement)	FCY Settled - Rupee OIS

Interest Rate Products at a Glance

Range Accrual

Structured Interest Rate Swap

Structured Cross Currency Swap

Swap with Zero Coupon Comp Float Leg

USD Swaption

USD Swaption (Sold)

Credit Derivative Products at a Glance

Credit Default Swap (Seller)

Credit Default Swap (Buyer)

Foreign Exchange Products

Call Option (FX European Option – Vanilla)

Retail, Non-retail

Features and Suitability

- The Client wants to **hedge USD payables** and protect itself from the risk of USD appreciation.
- A **Call option** grants its owner the **right, but not the obligation, to buy** the underlying currency pair **at the Strike Rate**,
- The structure **requires an upfront premium** / cost to be paid by the Client, with this premium dependent on the relevant Strike Rate.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	USDINR Spot = [74.57]
Strike Rate	[75.00]
1Y Forward	[77.92]
Option Premium	[5.43%]

Payoff profile	
If USDINR Spot at Expiry ≥ Strike Rate	The Client buys USD Notional at Strike Rate
If USDINR Spot at Expiry < Strike Rate	Option ends up out of the money and expires worthless, the Client can buy USD Notional at prevailing market rate.

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. The transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

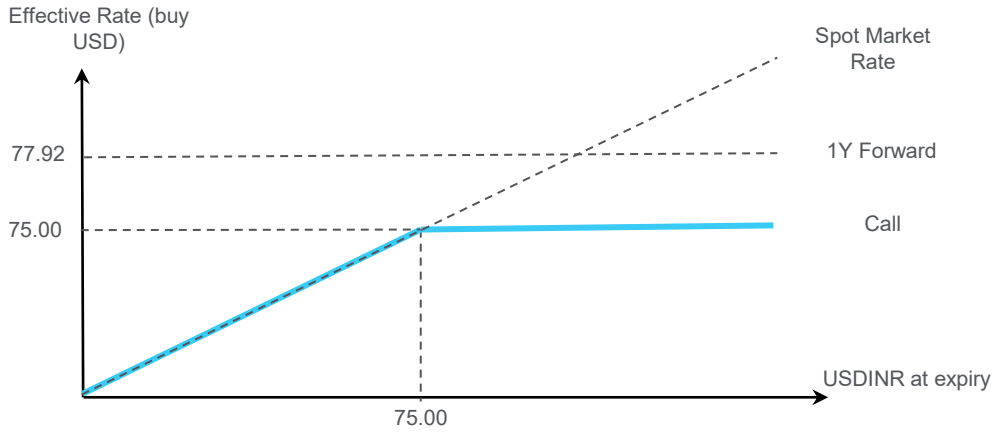
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if USDINR appreciates and vice-versa.
- **USD/INR forward premia**: The MTM will increase if USD/INR forward premia increases and vice-versa.
- **USD/INR volatility**: The MTM will Increase with increase in volatility and vice-versa.

Benefits/ Risks

Benefits	• The Client is **hedged for USD/INR appreciation above Strike Rate**, while simultaneously, having the flexibility to participate in USD/INR depreciation. • Maximum loss is limited to the Option Premium agreed at inception regardless of the currency price movement.
Risks	• If USD/INR ends below the Strike Rate, the option will expire out of money.

Illustration of how the product works / Scenario analysis



* The terms and conditions as agreed in the ISDA Master Agreement (along with Credit Support Annex and Credit Support Document if any) as applicable and executed by the client and the transaction specific term sheet if any and the transaction confirmation shall apply. The commercial terms and conditions including pay off is illustrative and will vary depending on the specific conditions of the trade when entered, such terms and conditions will be as agreed over electronic platforms/ voice/ term sheets and confirmation.

Covered Call (FX European Option – Vanilla)

Non-retail

Features and Suitability

- The Client wants to **mitigate risk on USD receivables** by selling USD/INR Call Options.
- It provides a payoff where the **client's receivable rate is locked in at strike rate of the option** in the event of a fixing above the strike rate, while the Client is unhedged when fixing is below the strike rate.
- **The Client receives an upfront premium** on the structure, the Client will have to sell USD at strike rate if fixing is above the strike and there will be no obligation between parties if fixing is lower than strike.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 Month / 1Month + 2BD
Market Ref	USDINR Spot = [74.50]
Strike Rate	[75.20]
1M Forward	[74.7350]
Option Premium	[2.62%]

Payoff profile	
If USDINR Spot at Expiry < Strike Rate	There is no obligation between the parties, the Client sells USD Notional at prevailing market rate.
If USDINR Spot at Expiry ≥ Strike Rate	The Client sells USD at strike rate

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

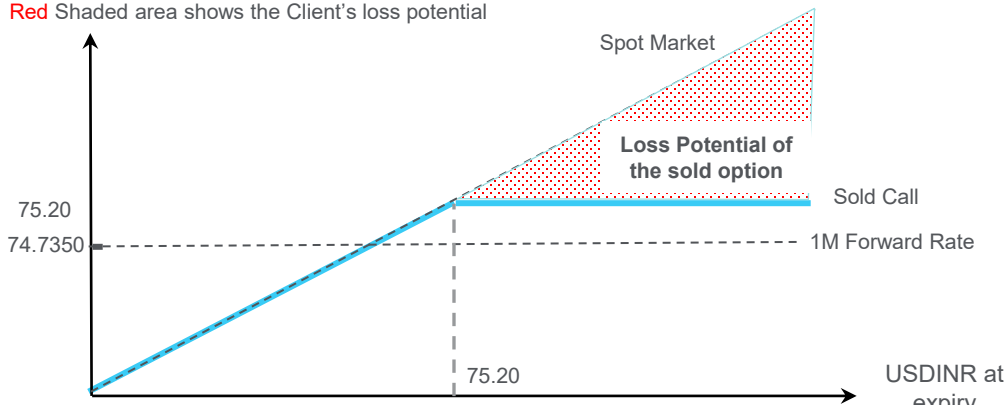
- **USD/INR Spot**: The MTM will decrease if USD/INR moves higher and vice-versa.
- **USD/INR forward premia**: The MTM will decrease if USD/INR forward premia increases and vice-versa.
- **USD/INR volatility**: Increase in volatility will increase the value of the options which the Client has sold & the MTM will move against the client.

Benefits/ Risks

Benefits	• **The Client's receivables rate is enhanced to the extent of the premium received** as compared to the market rate, in the event of INR appreciation against USD.
Risks	• If USD/INR ends below Strike Rate, the Client will have to sell USD notional at prevailing market rate. • The Client will also not get the benefit of INR depreciation above strike rate

Illustration of how the product works / Scenario analysis

Blue Line shows the Client's effective USD Sell rate
Red Shaded area shows the Client's loss potential



Note: Sold options are not a Hedge product

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Call Spread (Combination of FX European Vanilla Options)

Retail, Non-retail

Features and Suitability

- The Client wants to **hedge USD payables** and protect itself from the risk of USD appreciation from Lower Call Strike to Upper Call Strike.
- **A call spread is a combination of a bought Call option and another sold Call option at higher Strike** to reduce the premium of the structure.
- Structure **requires an upfront premium** / cost to be paid by the Client, with the premium dependent on the relevant Strikes.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	USDINR Spot = [74.57]
1Y Forward	[77.92]
Lower Call Strike	[74.00]
Upper Call Strike	[79.00]
Call Spread Premium	[3.75%] UF

Payoff profile	
If USDINR Spot at Expiry < 74.00	The Client can buy USD Notional against INR at prevailing spot (full participation)
If 74.00 ≤ USDINR Spot at Expiry ≤ 79.00	The Client can buy USD Notional against INR at Lower Call Strike (full protection)
If USDINR Spot at Expiry > 79.00	The Client can buy USD Notional against INR at 5 INR lesser than prevailing spot.

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

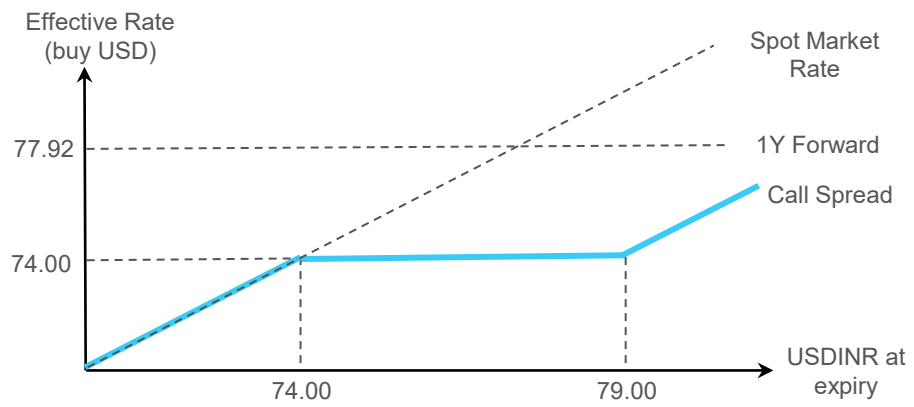
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of Client if USDINR appreciates and vice-versa.
- **USD/INR forward premia:** The MTM will increase if USD/INR forward premia increases and vice-versa.
- **USD/INR volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold.

Benefits/ Risks

Benefits	• The Client is **hedged for USD/INR appreciation from Lower Call Strike to Upper Call Strike**, while simultaneously, having the flexibility to participate in USD/INR depreciation below Lower Call Strike. • Maximum loss is limited to the Option premium agreed at inception.
Risks	• If USD/INR ends below Lower Call Strike, the option will expire worthless.

Illustration of how the product works / Scenario analysis



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Capped Forward (Combination of FX Euro Vanilla Options)

Non-retail

Features and Suitability

- The Client wants to **hedge USD receivable at a Strike Rate higher than prevailing market rate** and does not expect too much USDINR depreciation at the end of the structure tenor.
- Structure allows the Client to achieve a hedge rate higher than forward rate.
- No upfront premium / cost to be paid by the Client.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	USDINR Spot = [74.57]
Strike Rate	[78.50]
Cap	[75.65]
1Y Forward Rate	[77.92]
Option Premium	Zero Cost
Payoff profile	
If USDINR Spot ≥ Cap at Expiry	The Client sells USD Notional at Strike Rate.
If USDINR Spot < Cap at Expiry	The Client sells USD Notional at prevailing market rate + (Strike Rate – Cap).

Costs & Fees

- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

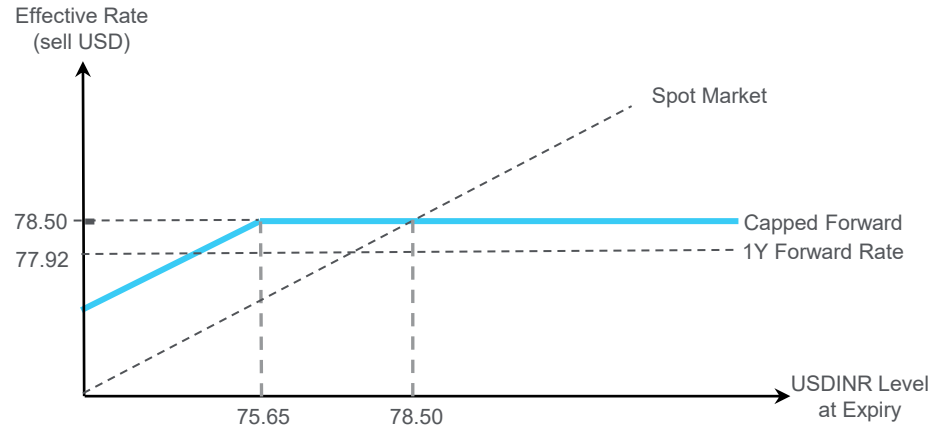
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if USDINR depreciates and vice-versa.
- **USD/INR forward premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.
- **USD/INR volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold.

Benefits/ Risks

Benefits	• The **Client can sell USD at a rate higher than forward rate** if USD does not depreciate below the Cap level. • If USD depreciates below the Cap level, the Client can still sell USD at a rate higher than the prevailing market rate.
Risks	• The Client's average worst USD selling rate is not known upfront.

Illustration of how the product works / Scenario analysis



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FX Forward

Retail, Non-retail

Features and Suitability

- The Client wants **to hedge USD receivable** and protect from the risk of USD depreciation.
- Under the forward, **the Client has obligation to sell the underlying currency pair at a pre-agreed fixed rate**
- **There is no exchange of premium under the structure**

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	USDINR Spot = [74.57]
Forward Rate	[77.92]
Premium	None
Payoff profile	
On Settlement Date	The Client sells USD Notional at Forward Rate, irrespective of where USDINR level is

Costs & Fees

- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if USDINR depreciates and vice-versa.
- **USD/INR forward premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.

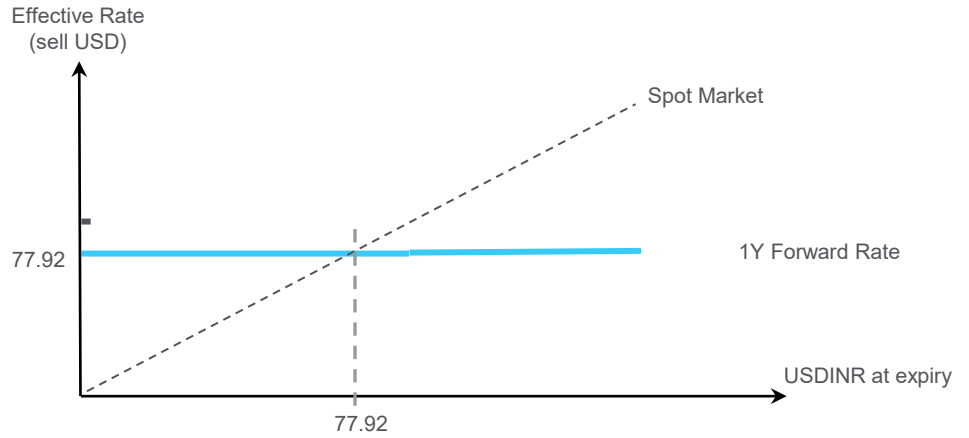
Early Delivery: Early Delivery : Flexibility to utilize the contract prior to expiry subject to applicable costs

Early Termination: The contract can be freely cancelled anytime on or before the maturity date

Benefits/ Risks

Benefits	• The Client is **hedged for USD/INR depreciation below Forward Rate**
Risks	• If USD/INR ends above Forward Rate, the Client has an opportunity loss as the selling rate is fixed at Forward Rate

Illustration of how the product works / Scenario analysis



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FX Forward (INR Non–Deliverable)

Non-retail / Retail

Features and Suitability

- The Client wants **to hedge USD receivable** and protect from the risk of USD depreciation.
- Under the non deliverable forward, **the Client has obligation to sell the underlying currency pair at a pre-agreed fixed rate "Non deliverable forward rate)**
- **There is no exchange of premium under the structure**

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	USDINR Spot = [74.57]
Forward Rate	[77.92]
Premium	None
Payoff profile	
On Settlement Date	The transaction will be net settled in USD based on the different between the FBIL fixing of USD/INR and the non deliverable forward rate

Costs & Fees

- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Benefits/ Risks

Benefits	• The Client is **hedged for USD/INR depreciation below Forward Rate**
Risks	• If USD/INR ends above Forward Rate, the Client has an opportunity loss as the selling rate is fixed at Forward Rate

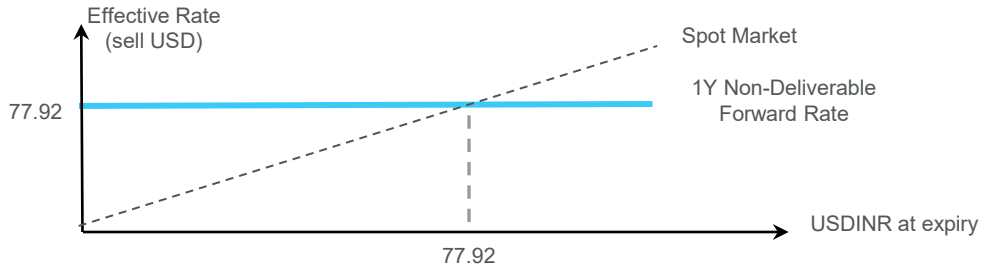
Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if USDINR depreciates and vice-versa.
- **USD/INR non deliverable forward premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.

Early Termination: The contract can be freely cancelled anytime on or before the maturity date

Illustration of how the product works / Scenario analysis



Non-Deliverable Forwards (NDF)

In case of Non-Deliverable Forwards (NDF), the following conditions apply:

- NDF can be offered to all clients, for currency pairs involving INR or otherwise
- NDF contracts cannot be early utilized (or) delivered and are necessarily cash settled on the settlement date
- The cancellation rate at expiry for NDF is necessarily the published benchmark fixing rate on expiry date
- The currency of settlement will be INR for resident users while the same can be FCY or INR for non-resident users
- For taking delivery of the underlying transaction, a separate spot FX deal needs to be booked. There could be basis risk between the NDF fixing rate and the spot rate

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Forward Extra (FX Barrier Knock In Option)

Non-retail

Features and Suitability

- **The Client has a view that USDINR is unlikely to trade above Knock In Barrier** anytime during the tenor of the option and **wants participation in USDINR appreciation up to Knock In Barrier**, while being hedged at the Strike Rate.
- If USDINR trades above Knock In Barrier anytime, the Client sells at Strike Rate.
- Structure requires an upfront premium / cost to be paid by the Client.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	USDINR Spot = [74.57]
Strike Rate	[77.92]
Knock In Barrier	[80.00]
1Y Forward	[77.92]
Option Premium	[2.3%]
Payoff profile	
If USDINR never trades at or above Knock In Barrier	The structure behaves like an option with Strike Rate at [77.92] (kindly refer to the pay off diagram)
If USDINR trades at or above Knock In Barrier	If USD/INR trades at or above Knock In Barrier anytime during the tenor of the option, the structure behaves like a forward with Strike Rate of [77.92].

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

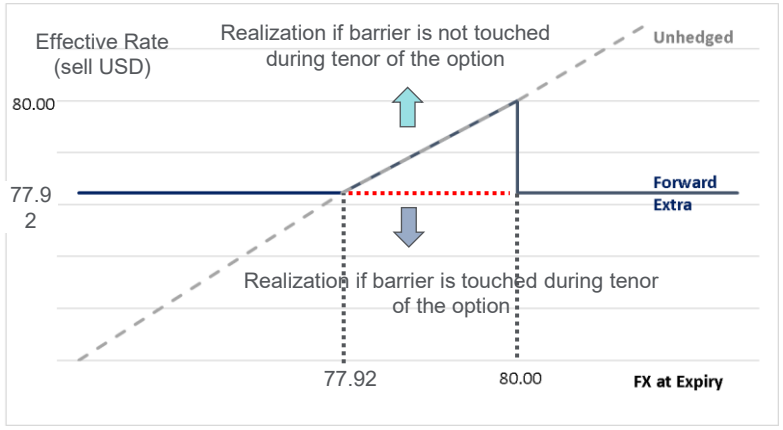
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if USDINR depreciates and vice-versa.
- **USD/INR forward premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.
- **USD/INR volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold. As USD/INR approaches the Knock In Barrier, the increase in volatility will decrease the value of the options as well.

Benefits/ Risks

Benefits	• **The Client is hedged at the Strike Rate, while still participating in USDINR appreciation** above the Strike Rate upto Knock In Barrier.
Risks	• If USD/INR trades at or above Knock In Barrier, the Client will be obliged to sell at the Strike Rate, which will be worse than prevailing market spot.

Illustration of how the product works / Scenario analysis



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FX American Option (Vanilla Put)

Non-retail

Features and Suitability

- The Client wants to **hedge USD receivable** and protect from the risk of USD depreciation.
- A Put option grants its owner the right, but not the obligation, to sell the underlying currency pair at the strike price
- For an American option, the Client has the **right to exercise the option anytime during tenor of the option**
- Structure requires an upfront premium / cost to be paid by the Client, with this premium dependent on the relevant Strike Rate.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	USDINR Spot = [74.57]
Strike Rate	[78.00]
1Y Forward	[77.92]
Option Premium	[4.85%]

Payoff profile	
If USDINR spot at any time is observed to be below the Strike Rate	The Client sells USD Notional at Strike Rate at value spot on exercise date.
If USDINR Spot at Expiry > Strike Rate and the option has not been exercised till the expiry date	Option ends up out of the money and expires worthless, the Client sells USD Notional at prevailing market rate.

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favour of the Client if USD depreciates and vice-versa.
- **USD/INR forward premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.
- **USD/INR volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold.

Benefits/ Risks

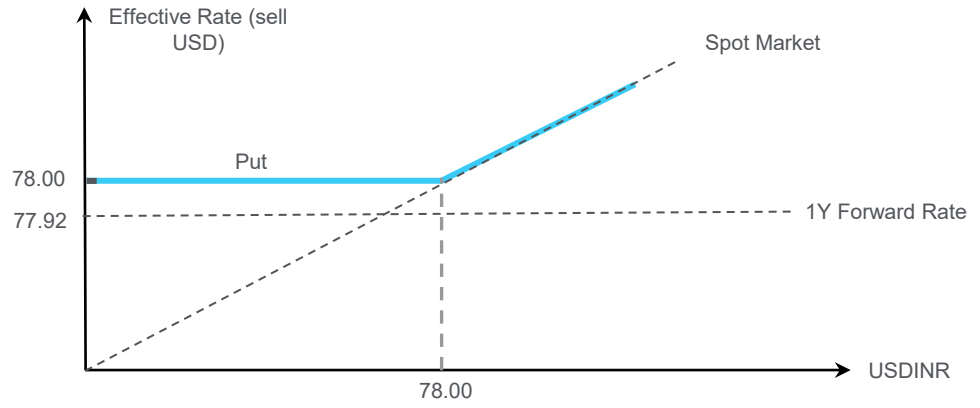
Benefits

- The Client is hedged for USD depreciation below Strike Rate, while having flexibility to participate in USD appreciation.
- Maximum loss is limited to the Option Premium agreed at inception.
- The Client **can exercise the option anytime** during its tenor

Risks

- At expiry If USD/INR ends above Strike Rate and the option has not been exercised during the tenor of the option, the option will expire out of money.
- Option is more expensive than the European put

Illustration of how the product works / Scenario analysis



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FX Asian Option

Non-retail

Features and Suitability

- The Client does not want to lock in future USD/INR selling rate now with the expectation of USD appreciation.
- An Asian option **allows the Client to hedge at the average of daily fixing rate** and **reduce dependency of a single day's spot rate**. Typically, very useful when capital injection matches underlying contract perfectly.
- Structure requires an upfront premium / cost to be paid by the Client.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	USDINR Spot = [74.57]
Strike Rate	Average of the daily fixing rate in the 1-year window
1Y Forward	[77.92]
Option Premium	[0.85%]
Payoff profile	
If USDINR Spot ≥ Strike at Expiry	Option expires worthless
If USDINR Spot < Strike at Expiry	The Client sells USD Notional at Strike

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

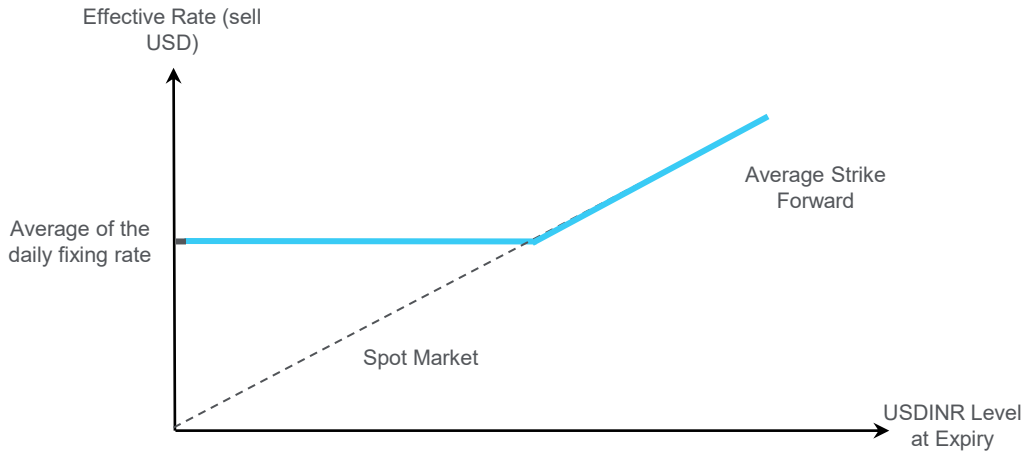
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if USDINR depreciates and vice-versa.
- **USD/INR forward premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.
- **USD/INR volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold.

Benefits/ Risks

Benefits	• **Reduces dependency on a single day's spot rate.** • The Client can sell USD buy INR at a rate higher than the forward rate if INR depreciates.
Risks	• The Client would not know the USD selling rate at the inception. If USD depreciates against INR significantly, average Strike Rate can be worse than the inception forward rate.

Illustration of how the product works / Scenario analysis



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FX At Expiry Knock in Euro Option

Non-retail

Features and Suitability

- The Client wants to sell USD for INR at a Strike Rate better than the prevailing market forward rate
- **If USDINR trades at or below the Knock In Barrier at the expiry of the option, Client sells at Strike Rate.**
- Structure requires an upfront premium / cost to be paid by the Client.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	12 months / 12 months + 2BD
Market Ref	USDINR Spot = [80.00]
Strike Rate	[79.00]
Knock In Barrier	[76.00]
1Y Forward	[77.00]
Option Premium	[2%]
Payoff profile	
At cut-off on expiry if USDINR does not trade at or below Knock In Barrier	The structure expires worthless. The Client is left unhedged
At cut-off on expiry If USDINR trades at or below Knock In Barrier	The structure behaves like put option with Strike rate at [79.00].

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

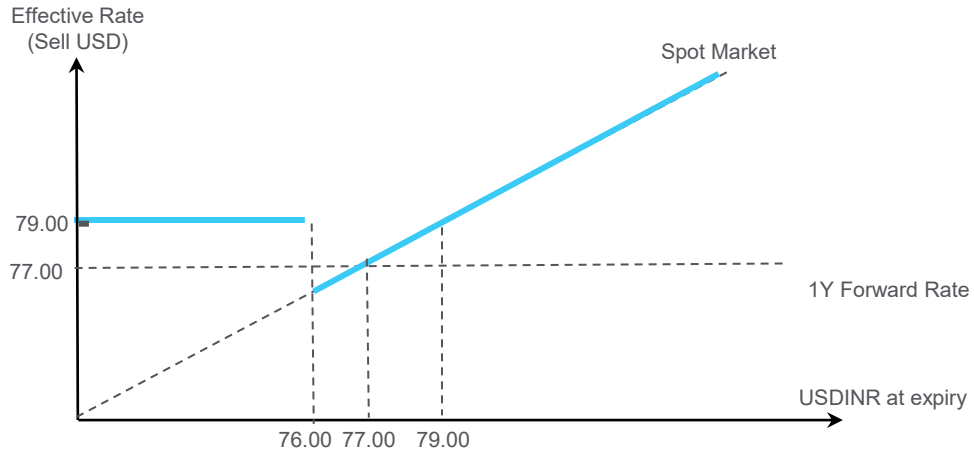
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if USD depreciates and vice-versa.
- **USD/INR Forward Premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.
- **USD/INR Volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold. As USD/INR approaches the Knock In Barrier, the increase in volatility will increase the value of the options as well.

Benefits/ Risks

Benefits	• The Client is hedged at the Strike Rate at a cheaper cost compared to a vanilla put
Risks	• At cut-off on expiry, If USD/INR trades at or above Knock In Barrier, the Client will be left unhedged

Illustration of how the product works / Scenario analysis



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FX At Expiry Knock Out Euro Option

Non-retail

Features and Suitability

- The Client wants to sell USD for INR at a Strike Rate greater than the prevailing market forward rate **and does not expect too much USD depreciation** during the tenor of the structure.
- Structure requires an upfront premium to be paid from the Client.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	USDINR Spot = [74.57]
Strike Rate	[78.50]
Knock Out Barrier	[72.00]
1Y Forward	[77.92]
Option Premium	[2.12%]
Payoff profile	
If USDINR is above the Knock Out Barrier at expiry	The structure behaves like a put option with Strike Rate a [78.50]
If USDINR trades at or below Knock Out Barrier at expiry	The whole structure gets knocked out and the Client is left unhedged.

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

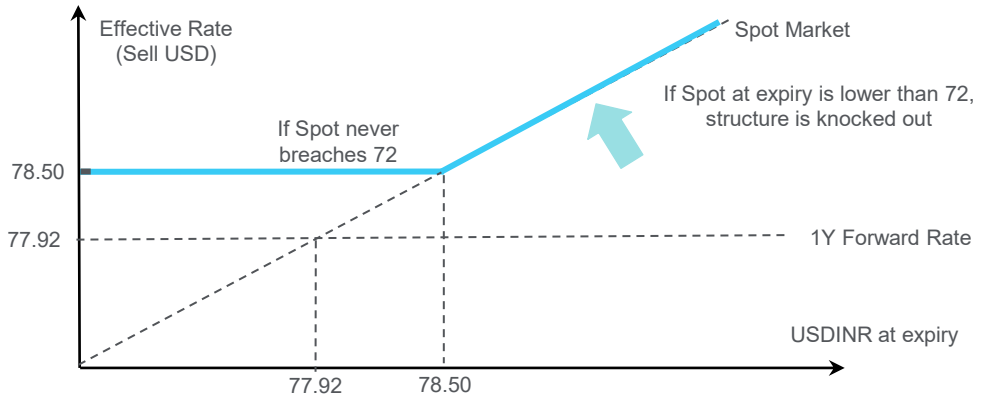
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if USDINR depreciates and vice-versa, but only up till the Knock out barrier
- **USD/INR forward premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.
- **USD/INR volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold. However, as USD/INR approaches the Knock Out Barrier, the increase in volatility will decrease the value of the options.

Benefits/ Risks

Benefits	• If USD/INR at expiry is greater than the KO barrier, the Client can sell USD Notional at a rate better than the prevailing market forward rate.
Risks	• If USDINR trades at or below the Knock Out Barrier at expiry, the Client will be left unhedged and will have to hedge again or just sell at market level which could be worse than their budget rate.

Illustration of how the product works / Scenario analysis



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citi

FX Barrier Knock in Option

Non-retail

Features and Suitability

- The Client wants to **buy USDINR at a Strike Rate lower than the prevailing market forward** rate and **expects large appreciation in USD** during the tenor of the structure
- Structure requires an upfront premium to be paid from the Client.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	USDINR Spot = [74.57]
Strike Rate	[76.00]
Knock In Barrier	[79.00]
1Y Forward	[77.92]
Option Premium	[3.83%]
Payoff profile	
If USDINR trades at or above the Knock In Barrier anytime during structure tenor	The Client can buy USD Notional for INR at [76.00]
If USDINR never trades at or above Knock In Barrier	The structure never gets knocked in and expires worthless. The Client is left unhedged at expiry.

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of Client if USD appreciates and vice-versa
- **USD/INR forward premia:** The MTM will increase if USD/INR forward premia increases and vice-versa.
- **USD/INR volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold.

Benefits/ Risks

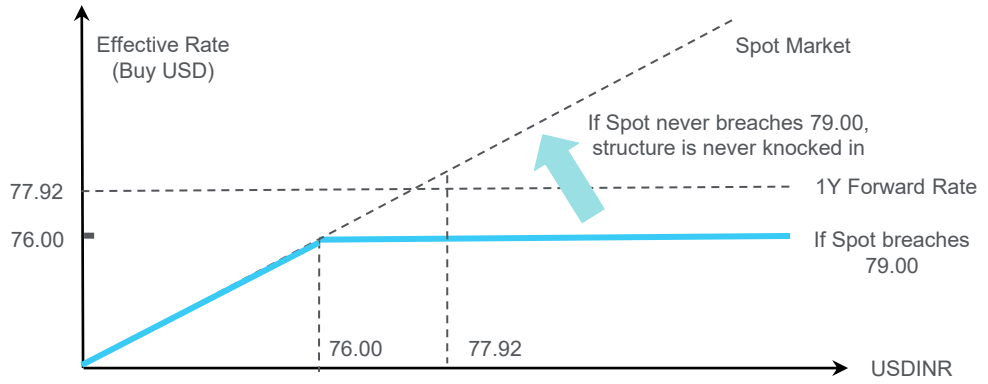
Benefits

- If USD/INR trades at or above the KI barrier anytime during tenor of the structure, the Client can buy USD Notional at rate better than the prevailing market forward rate.
- **Cost of KI barrier call is cheaper than its vanilla counterpart** (without the KI barrier)

Risks

- If USDINR never trades at or above Knock In Barrier, the Client will be left unhedged and will have to hedge again or just buy at market levels which could be worse than their budget rate. However, the Client's highest buying possible buying rate is at 79.00

Illustration of how the product works / Scenario analysis



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Knock Out Forward (FX Barrier Option Continuous Knock

Non-retail

Features and Suitability

- The Client wants to **hedge USD payables at a Strike Rate lower than the prevailing average forward rate** and does not expect USDINR to appreciate beyond Knock Out Barrier during the tenor of the structure.
- **No upfront premium / cost** to be paid by the Client.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 12 Million = USD 1 Million x 12 months
Expiry / Settlement	1-12 months, 12 monthly settlements / Expiry + 2BD
Market Ref	USDINR Spot = [74.57]
Strike Rate	[75.70]
Knock Out Barrier	[80.00]
Average Forward	[76.30]
Option Premium	Zero Cost
Payoff profile	
If USDINR never trades at or above the Knock Out Barrier	The Client can buy USD at Strike Rate for all hedged tenors.
If USDINR trades at or above the Knock Out Barrier	The whole structure gets knocked out. The Client is left unhedged for the remaining exposure

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

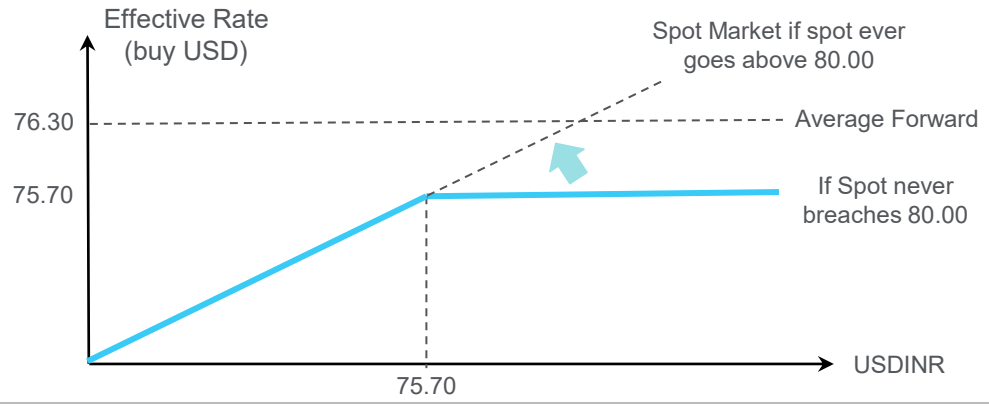
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if USDINR appreciates and vice-versa.
- **USD/INR forward premia:** The MTM will increase if USD/INR forward premia increases and vice-versa.
- **USD/INR volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold. However, as USD/INR approaches the Knock Out Barrier, the increase in volatility will decrease the value of the options.

Benefits/ Risks

Benefits	• If USDINR never trades at or above the Knock Out Barrier, The **Client buys USD Notional at a rate lower than the average forward rate** for all hedged tenors.
Risks	• If USDINR trades at or above the Knock Out Barrier, the Client will be left unhedged and will have to hedge again or just buy at market level which could be worse than their budget rate.

Illustration of how the product works / Scenario analysis



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FX Digital Option (EURUSD digi call)

Non-retail

Features and Suitability

- The Client will be **paid a fixed notional amount** if the currency pair touches the strike anytime during the life of the option.
- Structure requires an upfront premium to be paid from the Client.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	EURUSD Spot = [1.13045]
Strike Rate	[1.1370]
1Y Forward	[1.1420]
Option Premium	[55.65%]
Payoff profile	
If EURUSD Spot >= Strike Rate anytime during the life of the option	The Client receives USD 1mio
If EURUSD Spot never touches the strike	Option expires worthless, the Client receives nothing

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

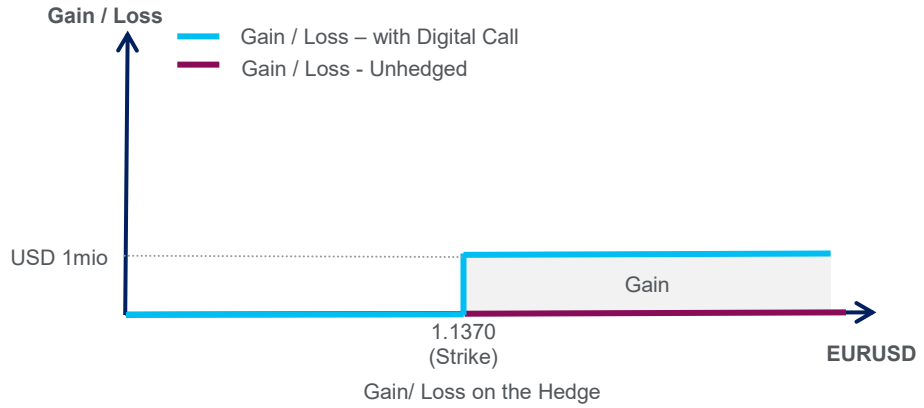
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **EURUSD Spot:** The MTM will increase in favor of the Client if EURO appreciates and vice-versa
- **EUR/USD forward premia:** The MTM will increase if EUR/USD forward premia increases and vice-versa.
- **EUR/USD volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold.

Benefits/ Risks

Benefits	• Structure might be suited for clients who need to sell USD in the future and faces risk of USD depreciation • **Digital call will provide a rebate that cheapens the hedging rate should USD depreciate** • Maximum loss is limited to the premium at inception regardless of the currency movement
Risks	• The Client will forgo the premium paid for the digital call if the currency pair never touches the strike rate

Illustration of how the product works / Scenario analysis



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FX Digital Option (EURUSD digi put)

Non-retail

Features and Suitability

- The Client will be **paid a fixed notional amount** if the currency pair does end below a predetermined strike level
- Structure requires an upfront premium to be paid from the Client.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	EURUSD Spot = [1.13045]
Strike Rate	[1.1450]
1Y Forward	[1.1420]
Option Premium	[51.12%]
Payoff profile	
If EURUSD Spot <= Strike Rate at Fixing	The Client receives USD 1mio
If EURUSD Spot > Strike Rate at Fixing	Option expires worthless, the Client receives nothing

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **EURUSD Spot:** The MTM will increase in favor of the Client if EURUSD depreciates and vice-versa
- **EUR/USD forward premia:** The MTM will increase if EUR/USD forward premia decreases and vice-versa.
- **EUR/USD volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold.

Benefits/ Risks

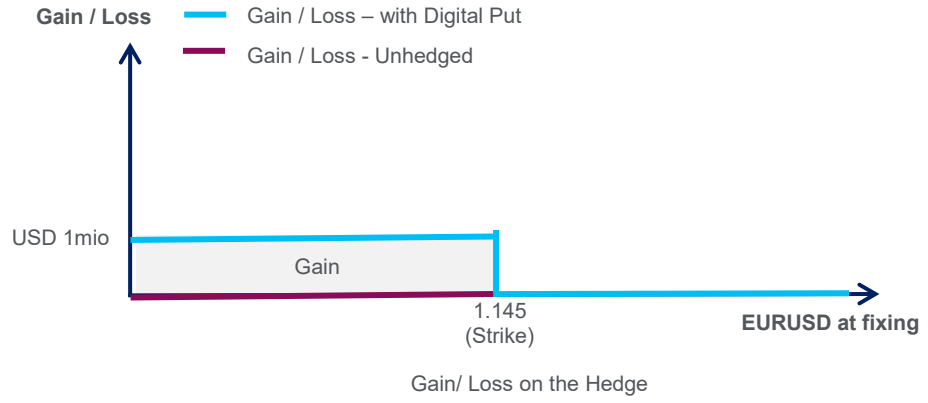
Benefits

- Structure might be suited for clients who need to buy USD in the future and faces risk of USD appreciation
- **Digital put will provide a rebate that cheapens the hedging rate should USD appreciates**
- Maximum loss is limited to the premium at inception regardless of the currency movement

Risks

- The Client will forgo the premium paid for the digital put if the currency pair ends above the predetermined strike level, causing the option to expire out of the money

Illustration of how the product works / Scenario analysis



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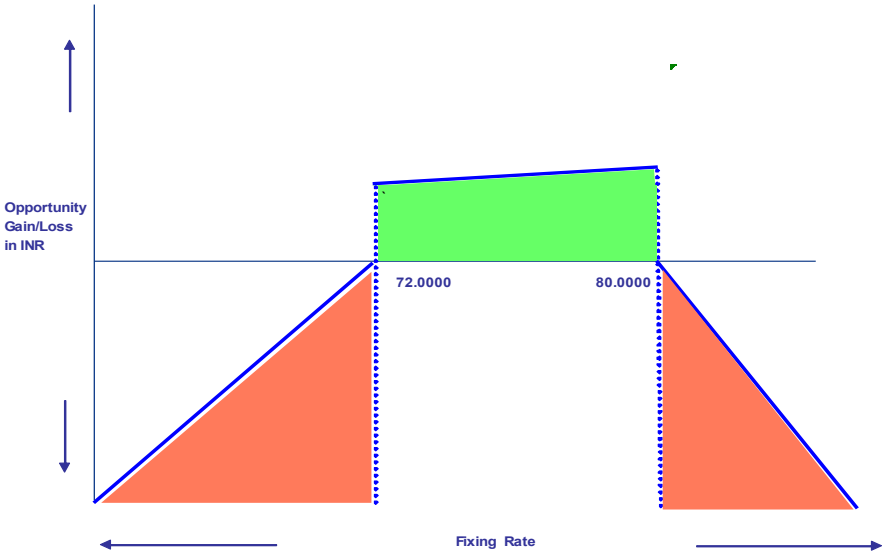
FX Digital Pivot TARN (Part 1)

Non-retail

Features and Suitability

- The Client expects that the **USD/INR Spot Rate will range-trade** between the upper barrier and lower barrier, and would **like to receive a payout if this materializes** as long ITM fixings is below cap
- Otherwise, the Client can accept selling the notional amount at the upper barrier or buying notional amount at lower barrier
- No upfront premium / cost to be paid by the Client.

Illustration of how the product works / Scenario analysis



Indicative Terms & Conditions*

Payoff Details		
USD Notional	USD 1 Million per fixing, total USD 12 Million	
Expiry / Settlement	1 year, 12 monthly fixings / Expiry + 2BD	
Market Ref	USDINR Spot = [76.00]	
Upper Barrier	[80.00]	
Lower Barrier	[72.00]	
Cap	4	
In-the-money condition	Lower Barrier <= Fixing Rate <= Upper Barrier	
In-the-money Cap	4 Times ITM	
Termination Condition	Structure terminates when ITM Cap is reached	
In-the-money payout	20,000 USD	
Payoff profile		
If ITM Count is <4	**If USDINR between 72 and 80**	Client receives ITM payout of USD 20,000
	USDINR Fixing < 72	Client would have to buy 1m USD Notional Against INR at [72.00]
	USDINR Fixing > 80	Client would have to sell 1m USD notional against INR at [80.00
If ITM Count = 4	Client receives ITM payout and the structure terminates for the subsequent period	

Costs & Fees

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FX Digital Pivot TARN (continued)

Non-retail

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** As spot approaches the lower and upper barriers, the value of the structure decreases
- **USD/INR volatility:** Increase in volatility will reduce the value of the Pivot TARN Structure

Benefits/ Risks

Benefits	• The Client receives the ITM payout each time the Spot Rate fixes within the Upper Barrier and Lower Barrier, until ITM Cap is reached.
Risks	• The Client cannot participate in upside or downside beyond the upper and lower barriers of the digital TARN, as they must sell/buy USD at the Upper/Lower Barriers. • While there is a maximum number of ITM settlements, there is no cap on the number of out

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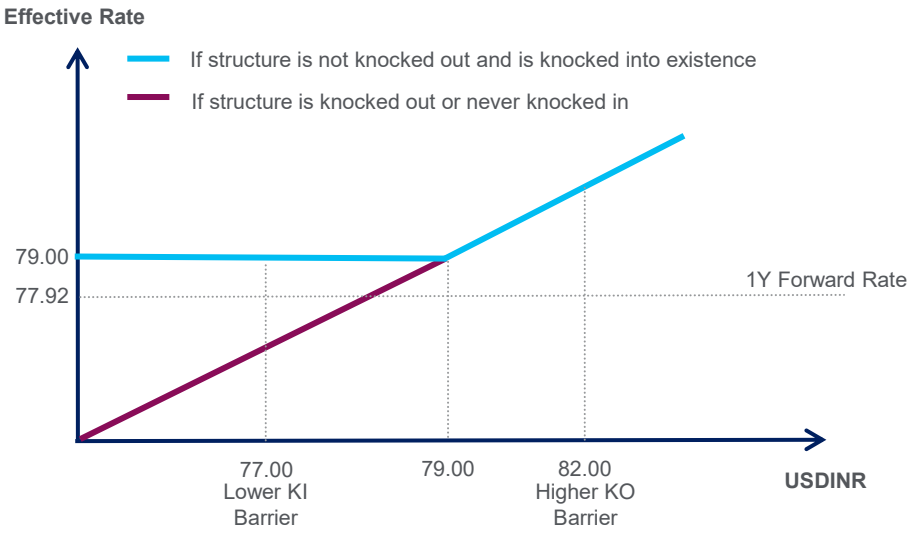
FX Double Barrier Option (Part 1)

Non-retail

Features and Suitability

- **Structure is a KIKO (Knock In Knock Out) Put Option on USDINR**
- The Client believes that the currency pair will not appreciate too quickly, but also wants the right to sell at a rate better than the 1Y forward rate

Illustration of how the product works / Scenario analysis



Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	USDINR Spot = [74.57]
Strike	[79.00]
Lower KI Barrier	[77.00]
Higher KO Barrier	[82.00]
1Y Forward	[77.92]
Structure Premium	[3.28%]

Payoff profile			
If USDINR Spot never touches the KI barrier over tenor of structure		Structure expires worthless	
If USDINR Spot touches the KI barrier over tenor of Structure	**If USDINR Spot Touches KO barrier anytime over tenor of structure**	Structure expires worthless	
	If USDINR Spot Never Touches KO barrier	**If USDINR fixes >= Strike**	Structure expires worthless
		If USDINR fixes < Strike	Client can sell USD 1mio at Strike

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FX Double Barrier Option (continued)

Non-retail

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USDINR Spot:** If the structure has been knocked in, the MTM will increase if USDINR depreciates and vice versa. This does not apply if the structure has never depreciated below the lower KI barrier. MTM of structure also decreases when approaching the knock out barrier
- **USDINR forward premia:** The MTM will increase if USDINR forward premia decreases and vice-versa.
- **USDINR volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold. However, near the knock out barrier, any increase in volatility will decrease value of the options

Benefits/ Risks

Benefits	• **Structure might be suited for clients who need to sell USD in the future, but does not think the USDINR rate will appreciate too quickly** • Client wants to sell at a rate better than the 1Y forward, and can sell at a cheaper rate compared to a vanilla put • Maximum loss is limited to the premium at inception regardless of the currency movement
Risks	• Client will forgo the premium paid for the KIKO if the currency pair either breaches the KO barrier or is never knocked into existence, or ends up out of the money

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FX Double No Touch

Non-retail

Features and Suitability

- **The Client will be paid a fixed notional amount** if the currency pair stays within a specific range
- Structure requires an upfront premium to be paid from the client.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	EURUSD Spot = [1.13045]
Lower Barrier	[1.050]
Upper Barrier	[1.210]
1Y Forward	[1.1420]
Option Premium	[52.66%]
Payoff profile	
If EURUSD Spot stays between the 2 barriers through tenor of structure	The Client receives USD 1mio
If EURUSD breaches either barrier during tenor of the structure	Option expires worthless, the Client receives nothing

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

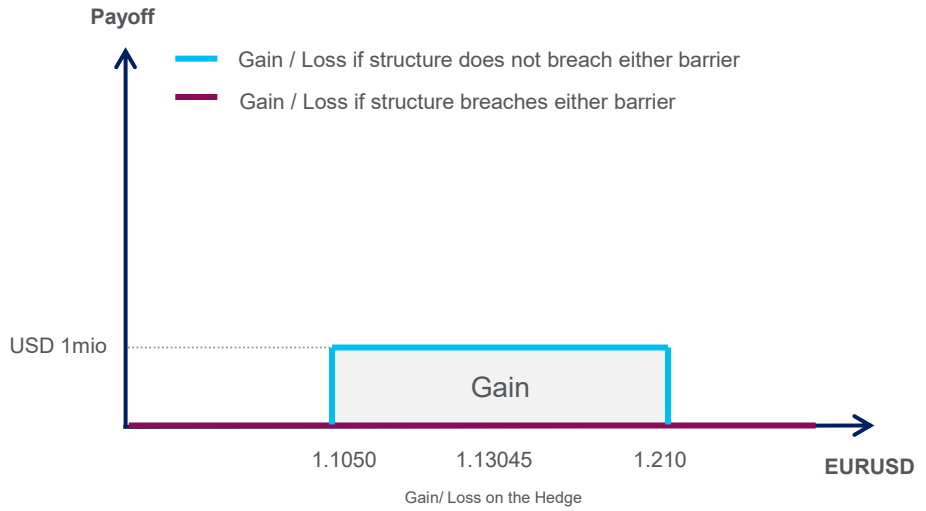
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **EURUSD Spot:** The MTM will increase in favor of Client if EURUSD Spot does not move much
- **EUR/USD volatility**: Increase in volatility will decrease the value of the structure

Benefits/ Risks

Benefits	• **Structure is suited for clients who believes that the currency pair will not be too volatile over the tenor of the structure**, and would like to be rewarded if the pair does remain range bound
Risks	• The Client will forgo the premium paid for the double no touch if the currency pair breaches either barrier

Illustration of how the product works / Scenario analysis



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Accumulator (FX Extinguishing Fader)

Non-retail

Features and Suitability

- The Client **wants to hedge USD payables at a Strike Rate lower than the prevailing average forward rate** and does not expect too much appreciation in USDINR during the tenor of the structure.
- The Client can hedge at a rate lower than the average Forward rate.
- **No upfront premium / cost to be paid by the Client**.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 12 Million = USD 1 Million x 12 months
Expiry / Settlement	1-12 months, 12 monthly settlements/ Expiry + 2BD
Market Ref	USDINR Spot = [76.00]
Strike Rate	[76.00]
Knock Out Barrier	[80.00]
Average Forward	[77.60]
Option Premium	Zero Cost
Payoff profile	
If USDINR never trades at or above the Knock Out Barrier	Client can buy USD at 76.00 for all hedged tenors.
If USDINR trades at or above the Knock Out Barrier	The whole structure gets knocked out. The Client is left unhedged for the remaining exposure

Costs & Fees

- Zero Cost

Mark to market (MTM) of the Transaction

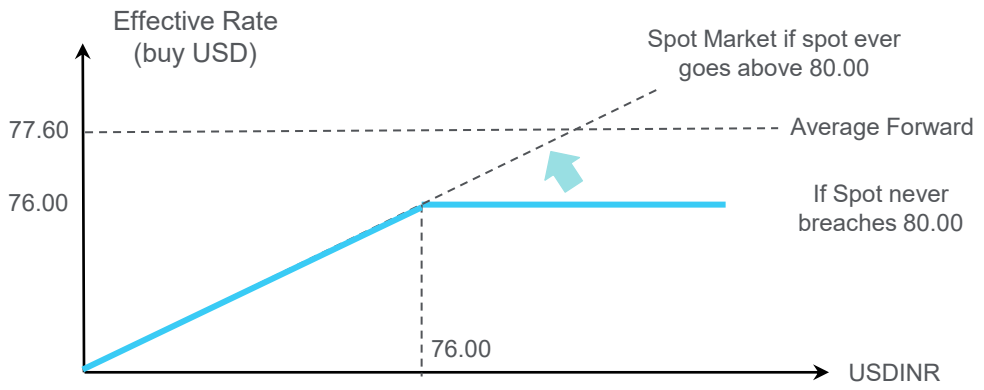
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favour of Client if USDINR appreciates and vice-versa.
- **USD/INR Forward Premia:** The MTM will increase if USD/INR forward premia increases and vice-versa.
- **USD/INR Volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold. However, as USD/INR approaches the Knock Out Barrier, the increase in volatility will decrease the value of the options.

Benefits/ Risks

Benefits	• If USDINR never trades at or above the Knock Out Barrier, the Client is hedged at a rate lower than the average forward rate.
Risks	• If structure gets knocked out, the Client will be left unhedged and will have to hedge again or buy at market level which could be worse than their budget rate.

Illustration of how the product works / Scenario analysis



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FX Hurdle Option

Non-retail

Features and Suitability

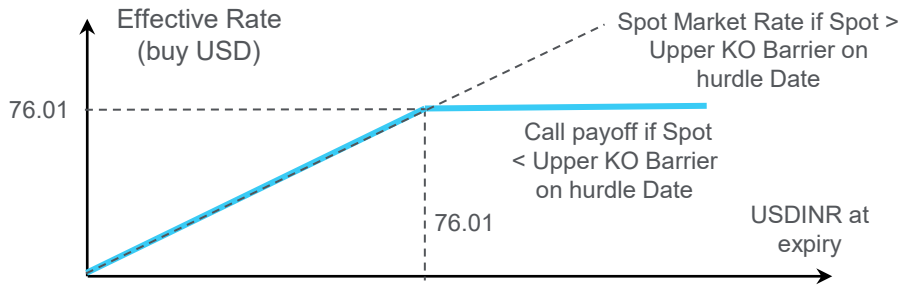
- The Client wants to hedge USD payables and protect itself from the risk of USD appreciation.
- **Hurdle option can cheapen the vanilla call option by introducing barriers**. If hurdle barrier is not breached on hurdle date, structure becomes a vanilla call option. Else, Structure terminates
- Structure requires an upfront premium / cost to be paid by the Client, with this premium dependent on the relevant Strike Rate.

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot**: The MTM will increase in favor of the Client if USDINR appreciates and vice-versa.
- **USD/INR Forward Premia**: The MTM will increase if USD/INR forward premia increases and vice-versa.
- **USD/INR Volatility:** Increases with increase in volatility and vice-versa.

Illustration of how the product works / Scenario analysis



Costs & Fees

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Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	3M / 3M + 2BD
Market Ref	USDINR Spot = [76.01]
Strike Rate	[76.01]
Hurdle Date	1M
Hurdle Upper KO Barrier	[77.50]
Hurdle Option Premium	[1.025%]
Vanilla Call Option Premium	[2.06%]

Payoff profile if Spot < Hurdle Upper KO Barrier on Hurdle Date	
If USDINR Spot at Expiry ≥ Strike Rate	The Client buys USD Notional at Strike Rate
If USDINR Spot at Expiry < Strike Rate	Option ends up out of the money and expires worthless, the Client can buy USD Notional at prevailing market rate.

Structure terminates if Spot > Hurdle Upper KO Barrier on Hurdle Date

Benefits/ Risks

Benefits	• **The Client can buy the FX hurdle call option at a lower premium than vanilla call option** • The Client is hedged for USD/INR appreciation above Strike Rate, while simultaneously, having the flexibility to participate in USD/INR depreciation. • Maximum loss is limited to the Option premium agreed at inception regardless of the currency price movement.
Risks	• If Spot > Hurdle Upper KO Barrier on Hurdle Date, structure terminates and client is unhedged.

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FX Knock out OneTouch

Non-retail

Features and Suitability

- Structure is a combination of a knock out barrier and a OneTouch level
- The Client will be paid a fixed notional amount if the currency pair does reaches or surpasses the OneTouch Level, but is entirely knocked out if it reaches the knockout barrier first
- Structure requires an upfront premium to be paid from the Client.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	EURUSD Spot = [1.13045]
OneTouch Level	[1.145]
Knock Out Barrier	[1.1000]
1Y Forward	[1.1420]
Option Premium	[70.40%]
Payoff profile	
If EURUSD Spot reaches OneTouch Level first and has yet to be knocked out	Client receives USD 1mio, structure terminates
If EURUSD Spot reaches KO barrier first and has not reached OneTouch Level	Structure is knocked out, client receives nothing
If EURUSD Spot neither reaches KO barrier nor OneTouch Level during structure tenor	Structure expires worthless, client receives nothing

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **EURUSD Spot:** The MTM will increase in favour of Client if EURUSD appreciates towards the OneTouch level, and decreases if EURUSD tends towards the KO barrier
- **EUR/USD volatility:** Increase in volatility will increase the value of the structure which the Client has bought/sold. However, an increase in volatility near the KO barrier will instead decrease the value of the structure

Benefits/ Risks

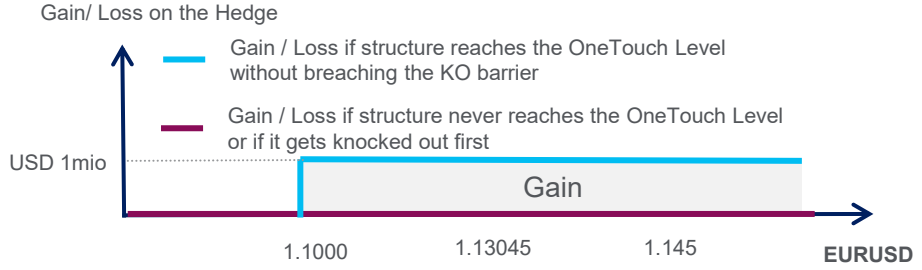
Benefits

- Structure might be suited for clients who believes that the EURUSD rate will breach above a certain barrier during the tenor of the structure, but is also concerned that the rate may not remain above that barrier till the end of the structure tenor
- In this case, client is also fairly confident in the direction of EURUSD rate, and that it unlikely to reach the KO barrier before hitting the OneTouch Level. Cost to client for structure is thus less than that of the standard OneTouch to account for this additional risk.
- Maximum loss is limited to the premium at inception regardless of the currency movement

Risks

- The Client will forgo the premium paid for the structure if the currency pair never reaches the barrier over life of structure.

Illustration of how the product works / Scenario analysis



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FX KO Liability TARN (Part 1)

Non-retail

Features and Suitability

- The Client has monthly receivables of USD 1 Million each for next 12 months. The Client wants to hedge USD receivable at a Strike Rate higher than average forward rate.
- Structure consists of a strip of Target Forwards with a cap on accrued profits. Once the upside cap on gains is achieved, the structure terminates.
- Structure also terminates if the downside cap is hit, triggering a KO liability condition
- **No upfront premium / cost to be paid by the Client.**

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if USDINR depreciates and vice-versa.
- **USD/INR forward premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.
- **USD/INR volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold.

Benefits/ Risks

Benefits	• Compared to other Knock Out structures, this structure will terminate only after the Client has accrued a pre-agreed amount of profit. • Downside losses are also limited due to the presence of the downside cap
Risks	• Once the cap on gains is reached, the structure terminates and the Client would remain unhedged against further adverse spot moves • Maximum potential gain is limited to INR [8,000,000], lower than the vanilla TARN

Indicative Terms & Conditions*

Payoff Details

USD Notional	USD 1 Million per fixing, total USD 12 Million
Expiry / Settlement	1 year, 12 monthly fixings / Expiry + 2BD
Market Ref	USDINR Spot = [74.57]
Average Forward Rate	[76.30]
Strike Rate	[76.80]
Upside Cap	8 INR Big Figures
Downside Cap	6 INR Big Figures
Monthly Gain	If USDINR spot rate fixes below Strike Rate: Strike – USDINR fixing at expiry, calculated on each expiry date

Payoff profile

If the accrued gains has not yet reached the Upside Cap, structure is not yet early terminated	**If USDINR at Fixing < 76.8**	The Client would sell USD 1 Million at Strike Rate and continue to accrue gain towards Cap.
	If USDINR at Fixing ≥ 76.8	The Client would also have to sell USD 1 Million at Strike Rate.
If the accrued gains reaches the Upside Cap at any of the fixings, structure will be early terminated	The Client would sell Adjusted USD Notional amount at Strike Rate so that accumulated total gain equals exactly the Upside Cap on this last fixing.	
If the accrued losses reaches the Downside Cap at any of the fixings, structure will be early terminated	The Client would sell Adjusted USD Notional amount at Strike Rate so that accumulated total losses equals exactly the Downside Cap on this last fixing.	

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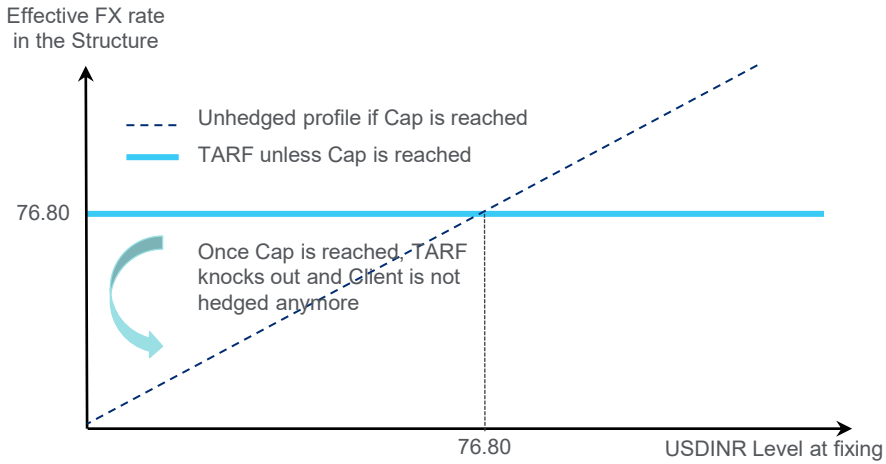
FX KO Liability TARN (continued)

Non-retail

Illustration of how the product works / Scenario analysis



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FX OneTouch

Non-retail

Features and Suitability

- **The Client will be paid a fixed notional amount** if the currency pair does reaches or surpasses a predetermined barrier
- Structure requires an upfront premium to be paid from the Client.

Indicative Terms & Conditions*

Payoff Details	
Notional	EUR 10 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	EURUSD Spot = [1.1300]
OneTouch Level	[1.1600]
1Y Forward	[1.1415]
Option Premium	[82.00%]
Payoff profile	
If EURUSD Spot reaches OneTouch Level anytime during tenor of structure	The Client receives EUR 10 mio
If EURUSD Spot never reaches OneTouch Level	Option expires worthless, the Client receives nothing

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

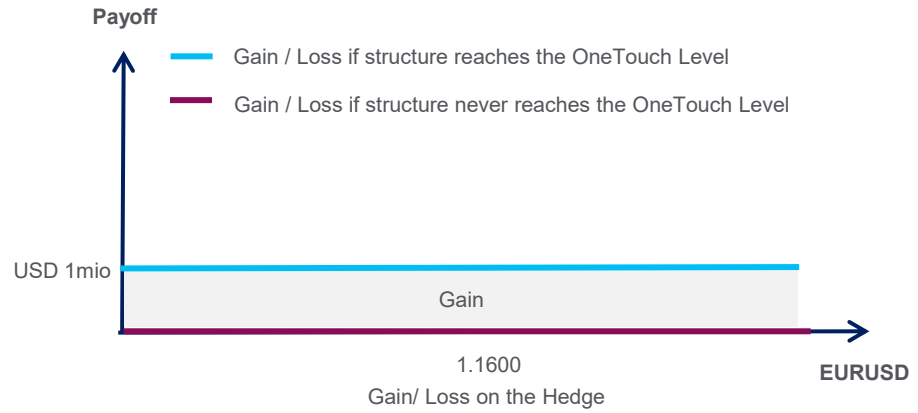
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **EURUSD Spot:** The MTM will increase in favor of the Client if EURUSD appreciates towards the OneTouch level
- **EUR/USD volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold.

Benefits/ Risks

Benefits	• Structure might be suited for clients who believes that the EURUSD rate will breach above a certain barrier during the tenor of the structure, but is also concerned that the rate may not remain above that barrier till the end of the structure tenor • Maximum loss is limited to the premium at inception regardless of the currency movement
Risks	• The Client will forgo the premium paid for the structure if the currency pair never reaches the barrier over the life of the structure.

Illustration of how the product works / Scenario analysis



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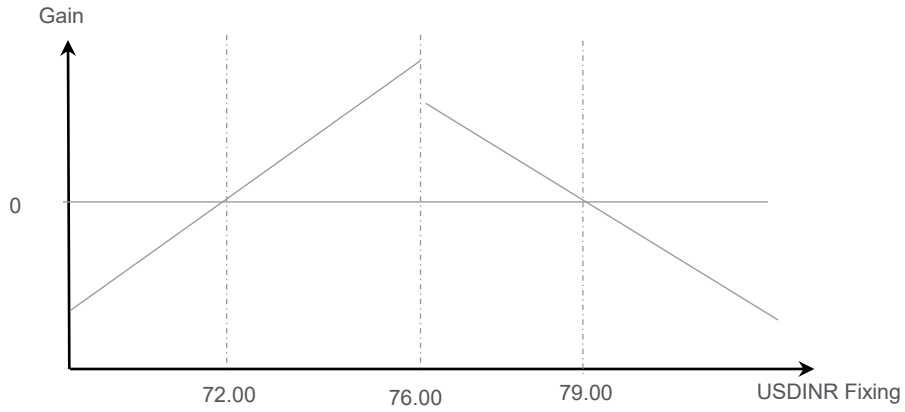
FX Pivot Tarn (FX Pivot TARN Cap Uncap) (Part 1)

Non-retail

Features and Suitability

- Counterparty **expects that the USD/INR Spot Rate will range-trade** between the upper barrier and lower barrier, and would like to buy or sell USD notional at a better price as long as cap is not reached
- Otherwise, counterparty can accept selling the notional amount at the upper barrier or buying notional amount at lower barrier
- No upfront premium / cost to be paid by the Client.

Illustration of how the product works / Scenario analysis



Costs & Fees

- Zero Cost

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million per fixing, total USD 12 Million
Expiry / Settlement	1 year, 12 monthly fixings / Expiry + 2BD
Market Ref	USDINR Spot = [76.00]
Upper Barrier	[79.00]
Lower Barrier	[72.00]
Intrinsic Cap	4,00 INR per USD
Monthly Intrinsic Value	See Payoff Profile
Termination Condition	The Client has gained 4.00 INR per USD
Termination Condition	Structure terminates when ITM Cap is reached
In-the-money payout	30,000 ITM.

Payoff profile		
When Termination Condition has not been reached	**If USDINR < 72.00**	The Client would have to buy 1m USD Notional Against INR at 72.00
	If 72.00 < USDINR < 76.00	The Client can buy 1m USD Notional Against INR at 72.00, Intrinsic Value = (USDINR Fixing – 72.00)
	If 76.00 < USDINR Fixing < 79	The Client can sell 1m USD notional against INR at 79.00. Intrinsic Value = (79.00 – USDINR Fixing)
	If USDINR Fixing > 79	The Client would have to sell 1m USD notional against INR at 79.00

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FX Pivot Tarn (FX Pivot TARN Cap Uncap) (continued)

Non-retail

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** As spot approaches the lower and upper barriers, the value of the structure decreases
- **USD/INR Volatility:** Increase in volatility will reduce the value of the Pivot TARN Structure

Benefits/ Risks

Benefits	• **The Client can buy or sell at an advantageous price each time** the Spot Rate fixes within the Upper Barrier and Lower Barrier, until the cap is reached.
Risks	• The Client cannot participate in upside or downside beyond the upper and lower barriers of the digital TARN, as they must sell/buy USD at the Upper/Lower Barriers. • While upside to this structure is limited to 48 million INR, the downside is unlimited

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FX Resurrecting Fader (Accumulator)

Non-retail

Features and Suitability

- The Client wants to hedge USD payables at a Strike Rate lower than the prevailing average forward rate and does not expect too much appreciation in USDINR during the tenor of the structure.
- **The Client can hedge at a rate lower than the average Forward rate.**
- No upfront premium / cost to be paid by the Client.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 12 Million = USD 1 Million x 12 months
Expiry / Settlement	1-12 months, 12 monthly settlements / Expiry + 2BD
Market Ref	USDINR Spot = [74.57]
Strike Rate	[75.70]
Knock Out Barrier	[80.00]
Average Forward	[76.30]
Option Premium	Zero Cost
Payoff profile	
If USDINR never trades at or above the Knock Out Barrier	The Client can buy USD at [75.70] for all hedged tenors.
If USDINR trades at or above the Knock Out Barrier	The whole structure gets knocked out. The Client is left unhedged for the remaining exposure

Costs & Fees

- Zero Cost

Mark to market (MTM) of the Transaction

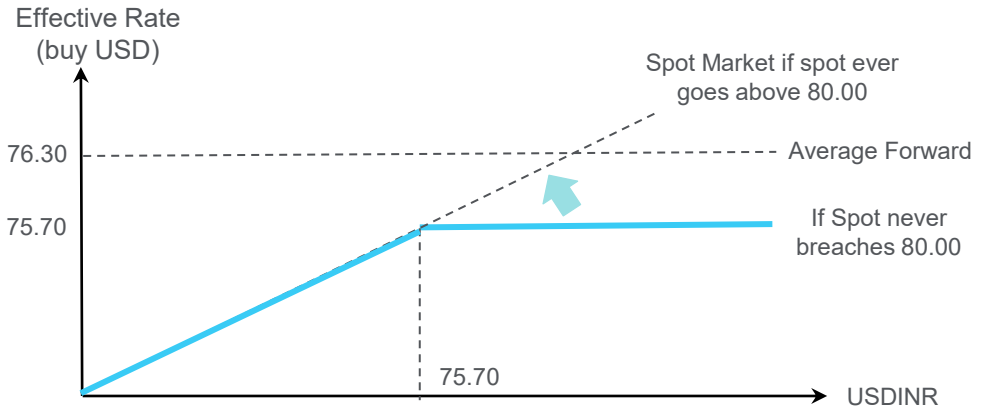
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favour of Client if USDINR appreciates and vice-versa.
- **USD/INR forward premia:** The MTM will increase if USD/INR forward premia increases and vice-versa.
- **USD/INR volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold. However, as USD/INR approaches the Knock Out Barrier, the increase in volatility will decrease the value of the options.

Benefits/ Risks

Benefits	• If USDINR never trades at or above the Knock Out Barrier, Client is hedged at a rate lower than the average forward rate.
Risks	• If structure gets knocked out, Client will be left unhedged and will have to hedge again or buy at market level which could be worse than their budget rate.

Illustration of how the product works / Scenario analysis



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FX Resurrecting Timer

Non-retail

Features and Suitability

- **Structure is suitable if client believes that EURUSD will trade within a certain range**, while accumulating USD during the lifetime of the trade
- Client accrues interest for each day the underling index is observed to be within a certain specified range

Indicative Terms & Conditions*

Payoff Details	
Expiry / Settlement	1 year / 1 year + 2BD
Strike Values	[1.080/ 1.180]
1Y Forward	[1.1420]
Market Ref	EURUSD Spot = [1.13045]
Payoff profile	
Client Receives	USD 1mio *n/N, n = number of days USDINR trades within range N = total number of trading days
Client Pays	[74.02%]

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Benefits/ Risks

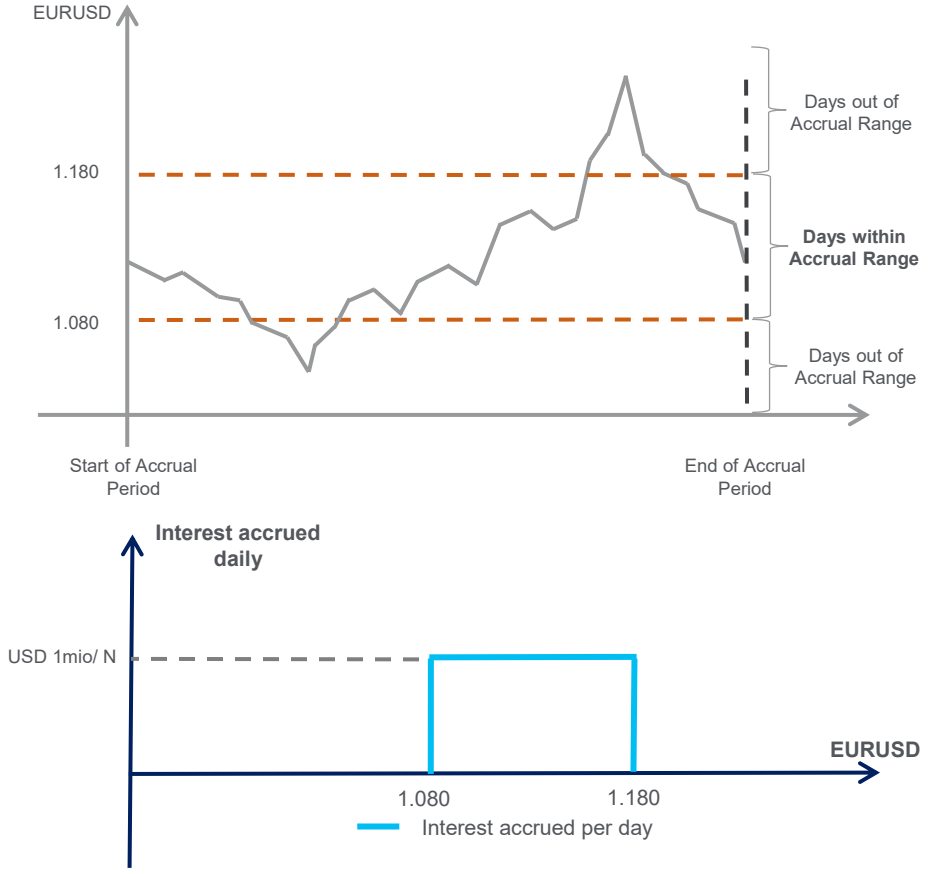
Benefits	• Client will accrue USD for the days that EURUSD trades within range.
Risks	• Client will not receive any USD if EURUSD does not fix within range

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **EURUSD Spot:** The MTM will increase in favor of Client if EURUSD Spot does not move much
- **EUR/USD volatility:** Increase in volatility will decrease the value of the structure

Illustration of how the product works / Scenario analysis



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FX TARN (Part 1)

Non-retail

Features and Suitability

- The Client has monthly receivables of USD 1 Million each for next 12 months. The Client wants to hedge USD receivable at a Strike Rate higher than average forward rate.
- Structure consists of a **strip of Target Forwards with a cap on accrued profits.** Once the cap on gains is achieved, the structure terminates.
- **No upfront premium / cost to be paid by the Client**.

Indicative Terms & Conditions*

Payoff Details		
USD Notional	USD 1 Million per fixing, total USD 12 Million	
Expiry / Settlement	1 year, 12 monthly fixings / Expiry + 2BD	
Market Ref	USDINR Spot = [74.57]	
Average Forward Rate	[76.30]	
Strike Rate	[76.80]	
Cap	12 INR Big Figures	
Monthly Gain	If USDINR spot rate fixes below Strike Rate: Strike – USDINR fixing at expiry, calculated on each expiry date	
Payoff profile		
If the accrued gains has not yet reached the Cap, structure is not yet early terminated	**If USDINR at Fixing < 76.8**	The Client would sell USD 1 Million at Strike Rate and continue to accrue gain towards Cap.
	If USDINR at Fixing ≥ 76.8	The Client would also have to sell USD 1 Million at Strike Rate.
If the accrued gains reaches the Cap at any of the fixings, structure will be early terminated	The Client would sell Adjusted USD Notional amount at Strike Rate so that accumulated total gain equals exactly the Cap on this last fixing.	

Mark to market (MTM) of the Transaction

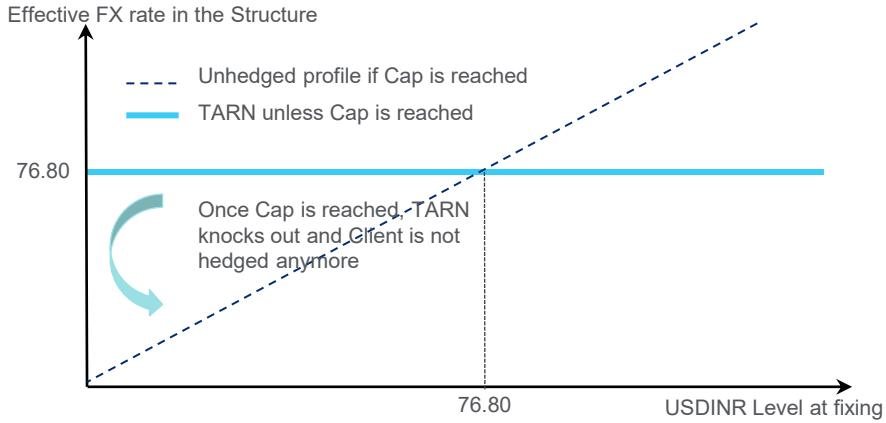
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if USDINR depreciates and vice-versa.
- **USD/INR forward premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.
- **USD/INR volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold.

Benefits/ Risks

Benefits	• Compared to other Knock Out structures, this structure will terminate only after the Client has accrued a pre-agreed amount of profit.
Risks	• Once the cap on gains is reached, the structure terminates and the Client would remain unhedged against further adverse spot moves • Maximum potential gain is limited to INR [12,000,000] while the maximum potential loss is unlimited.

Illustration of how the product works / Scenario analysis



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FX TARN (continued)

Non-retail

Scenario Analysis with different outcomes for potential paths of USDINR

Scenario 1

- Example where USDINR goes lower by 50 pips every month. On 5th expiry, Client's total gain reaches cap of 12 Big Figures (INR 12 Million) and structure terminates. USD amount sold on that expiry is adjusted so that total gain do not exceed pre-agreed cap.

Fixing Schedule	Spot Fixing rate	Selling Rate	Profit	Unadjusted Accrued Profit	USD Notional Sold	Gain / Loss (in INR)	Accrued Gain / Loss
1M	74.90	76.80	1.90	1.90	1,000,000	1,900,000	1,900,000
2M	74.40	76.80	2.40	4.30	1,000,000	2,400,000	4,300,000
3M	73.90	76.80	2.90	7.20	1,000,000	2,900,000	7,200,000
4M	73.40	76.80	3.40	10.60	1,000,000	3,400,000	10,600,000
5M	72.90	76.80	3.90	14.50 > 12	358,974	1,400,000	12,000,000
6M	72.40	N/A	-	-	-	-	-
7M	71.90	N/A	-	-	-	-	-
8M	71.40	N/A	-	-	-	-	-
9M	70.90	N/A	-	-	-	-	-
10M	70.40	N/A	-	-	-	-	-
11M	69.90	N/A	-	-	-	-	-
12M	69.40	N/A	-	-	-	-	-
				Sum Gain/Loss		12,000,000	INR

Scenario 2

- Example where USDINR goes higher by 40 pips every month. Cap is never reached. From 6th expiry date, the Client is obliged to sell USD 1 Million at 76.80 while spot market rate is higher.

Fixing Schedule	Spot at fixing	Selling Rate	Profit	Unadjusted Accrued Profit	USD Notional Sold	Gain / Loss (in INR)	Accrued Gain / Loss
1M	74.90	76.80	1.90	1.90	1,000,000	1,900,000	1,900,000
2M	75.30	76.80	1.50	3.40	1,000,000	1,500,000	3,400,000
3M	75.70	76.80	1.10	4.50	1,000,000	1,100,000	4,500,000
4M	76.10	76.80	0.70	5.20	1,000,000	700,000	5,200,000
5M	76.50	76.80	0.30	5.50	1,000,000	300,000	5,500,000
6M	76.90	76.80	0.00	5.50	1,000,000	- 100,000	5,400,000
7M	77.30	76.80	0.00	5.50	1,000,000	- 500,000	4,900,000
8M	77.70	76.80	0.00	5.50	1,000,000	- 900,000	4,000,000
9M	78.10	76.80	0.00	5.50	1,000,000	- 1,300,000	2,700,000
10M	78.50	76.80	0.00	5.50	1,000,000	- 1,700,000	1,000,000
11M	78.90	76.80	0.00	5.50	1,000,000	- 2,100,000	- 1,100,000
12M	79.30	76.80	0.00	5.50	1,000,000	- 2,500,000	- 3,600,000
				Sum Gain/Loss		-3,600,000	INR

Comments

- Scenario analysis provided for illustrative purposes only, and should not be regarded as an indication of future results
- In scenario 1, after the 5th expiry, the Client keeps the profit and may have to re-establish a hedge.

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FX Par Forward

Non-retail

Features and Suitability

- Client wants the same realization rate for her exports spread over 12 months.
- This is a zero cost structure for the client.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million per month for 12 months
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	USDINR Spot = [75.00]
Strike Rate	[77.00]
1Y Forward	[79.00]
Option Premium	0%
Payoff profile	
If USDINR is above the Strike Rate at each expiry	The Client has the obligation to sell USDINR at the strike rate
If USDINR is at or below the Strike Rate at each expiry	The Client has the right to sell USDINR at the strike rate

Costs & Fees

- Zero Cost

Mark to market (MTM) of the Transaction

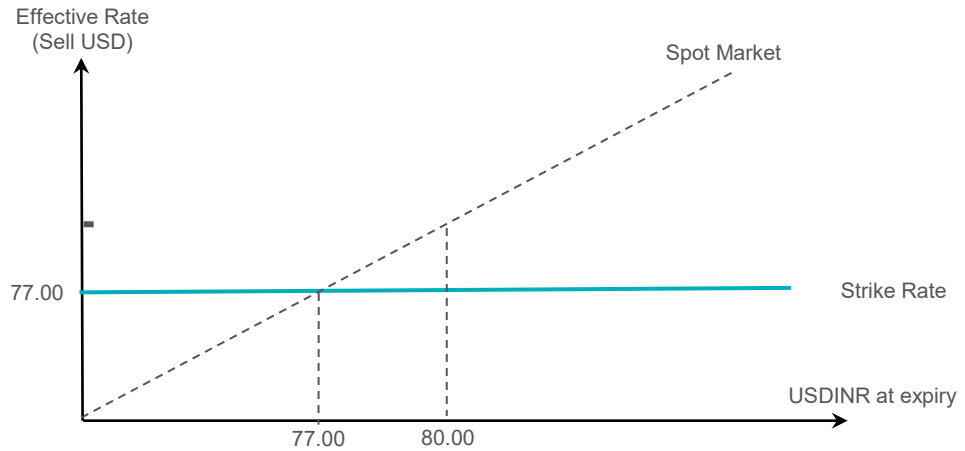
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favour of Client if USD depreciates and vice-versa.
- **USD/INR forward premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.
- **USD/INR volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold.

Benefits/ Risks

Benefits	• If USD/INR at any of the expiries is less than the strike rate then the client has a right to sell USIDNR at the strike rate
Risks	• If USDINR trades above the strike rate on any of the expiry then the client will be obliged to sell USDINR at the strike rate which will be worse than the market rate.

Illustration of how the product works / Scenario analysis



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Put Option (FX European Option – Vanilla)

Retail, Non-retail

Features and Suitability

- The Client wants to **hedge USD receivable** and protect from the risk of USD depreciation.
- A Put option grants its owner the right, but not the obligation, to sell the underlying currency pair at the strike price
- Structure requires an upfront premium / cost to be paid by the Client, with this premium dependent on the relevant Strike Rate.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	USDINR Spot = [74.57]
Strike Rate	[80.00]
1Y Forward	[77.92]
Option Premium	[4.54%]
Payoff profile	
If USDINR Spot at Expiry ≤ Strike Rate	The Client sells USD Notional at Strike Rate.
If USDINR Spot at Expiry > Strike Rate	Option ends up out of the money and expires worthless, the Client sells USD Notional at prevailing market rate.

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

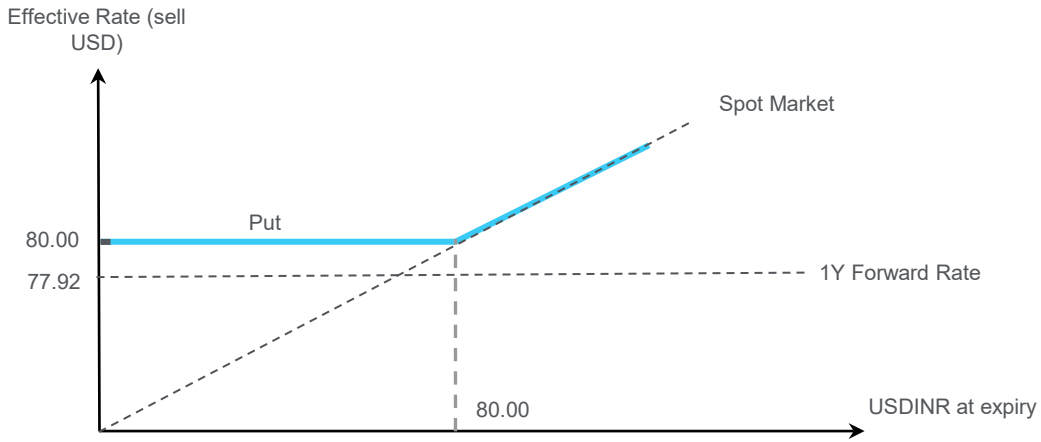
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of Client if USDINR depreciates and vice-versa.
- **USD/INR forward premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.
- **USD/INR volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold.

Benefits/ Risks

Benefits	• The Client is **hedged for USD/INR depreciation below Strike Rate**, while having flexibility to participate in USD/INR appreciation. • Maximum loss is limited to the Option Premium agreed at inception.
Risks	• If USD/INR ends above Strike Rate, the option will expire out of money.

Illustration of how the product works / Scenario analysis



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Covered Put (FX European Option – Vanilla)

Non-retail

Features and Suitability

- **The Client wants to mitigate risk on USD payables by selling USD/INR Put Options**
- It provides a payoff where the client's payable rate is locked in at strike rate of the option in the event of a fixing below the strike rate, while the Client is unhedged when fixing is above the strike rate
- The Client receives an upfront premium on the structure, client will have to buy USD at strike rate if fixing is below the strike and there will be no obligation between parties if fixing is higher than strike

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 month / 1 month + 2BD
Market Ref	USDINR Spot = [74.50]
Strike Rate	[74.50]
1M Forward	[74.7350]
Option Premium	[1.96%]

Payoff profile	
If USDINR Spot at Expiry ≤ Strike Rate	The Client buys USD Notional at Strike Rate.
If USDINR Spot at Expiry > Strike Rate	There is no obligation between the parties, the Client buys USD Notional at prevailing market rate.

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

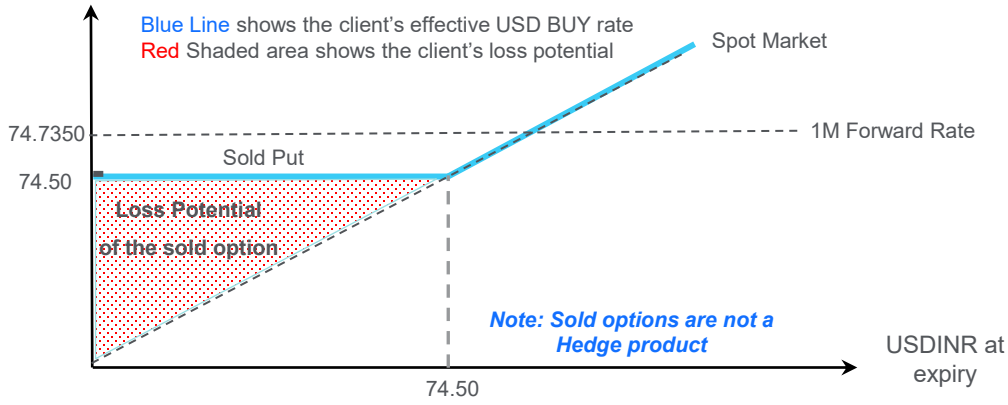
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will decrease if USDINR moves lower and vice-versa.
- **USD/INR forward premia:** The MTM will decrease if USD/INR forward premia decreases and vice-versa.
- **USD/INR volatility:** Increase in volatility will increase the value of the options which the Client has sold and the MTM will move against the client.

Benefits/ Risks

Benefits	• **The Client's payable rate is reduced to the extent of the premium received** as compared to the market rate, in the event of INR depreciation against USD.
Risks	• If USD/INR ends above Strike Rate, the client will have to buy USD notional at prevailing market rate. • The Client will also not get the benefit of INR appreciation below strike rate

Illustration of how the product works / Scenario analysis



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Put Spread (Combination of FX European Vanilla Options)

Retail, Non-retail

Features and Suitability

- The Client wants to hedge USD receivable and protect from the risk of USD depreciation from Upper Put Strike to Lower Put Strike.
- A Put spread is a combination of a bought Put option and another sold Put option to reduce the premium of the structure.
- Structure requires an upfront premium / cost to be /'paid by the Client, with this premium dependent on the relevant Strikes.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	USDINR Spot = [74.57]
1Y Forward	[77.92]
Upper Put Strike	[79.00]
Lower Put Strike	[74.00]
Put Spread Premium	[3.09%] UF

Payoff profile	
If USDINR Spot at Expiry > 79.00	Client can sell USD Notional against INR at prevailing spot (full participation)
If 74.00 ≤ USDINR Spot at Expiry ≤ 79.00	Client can sell USD Notional against INR at Upper Put Strike (full protection)
If USDINR Spot at Expiry < 74.00	Client can sell USD Notional against INR at 5 INR more than prevailing spot

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

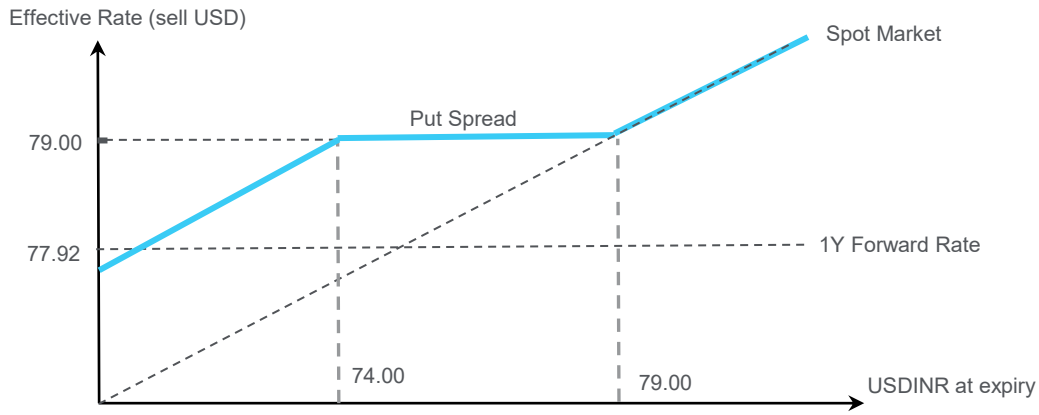
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase if USDINR depreciates and vice-versa.
- **USD/INR forward premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.
- **USD/INR volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold.

Benefits/ Risks

Benefits	• **Client is hedged for USD/INR depreciation from Upper Put Strike to Lower Put Strike, while simultaneously, having the flexibility to participate in USD/INR appreciation beyond Upper Put Strike.** • Maximum loss is limited to the Option premium agreed at inception.
Risks	• If USD/INR ends above the Upper Put Strike, the option will expire worthless.

Illustration of how the product works / Scenario analysis



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Range Accrual (FX Resurrecting Timer)

Non-retail

Features and Suitability

- **Client believes that USDINR will trade within a certain range**, while accumulating INR during the lifetime of the trade
- Client accrues payoff for each day USDINR is observed to be within a certain specified range.

Indicative Terms & Conditions*

Payoff Details	
Expiry / Settlement	1 year / 1 year + 2BD
Strike Values	[72.00 / 80.00]
1Y Forward	[77.92]
Market Ref	USDINR Spot = [74.57]
Payoff profile	
Client Receives	INR 90 Million *n/N, n = number of days USDINR trades within range N = total number of trading days
Option Premium Client Pays	USD 1 Million

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Benefits/ Risks

Benefits	• Client will accrue INR for the days that USDINR trades within range.
Risks	• Client will not receive any INR if USDINR does not fix within range.

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of Client if USDINR depreciates and vice-versa.
- **USD/INR forward premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.

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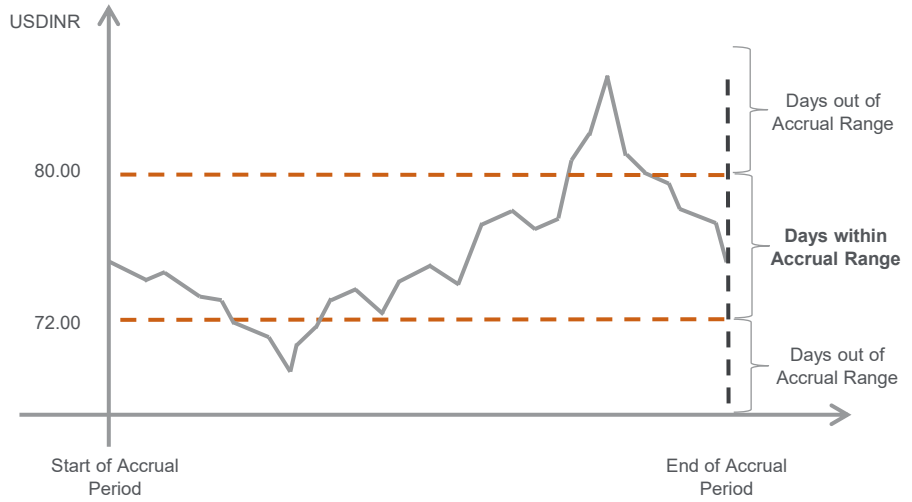

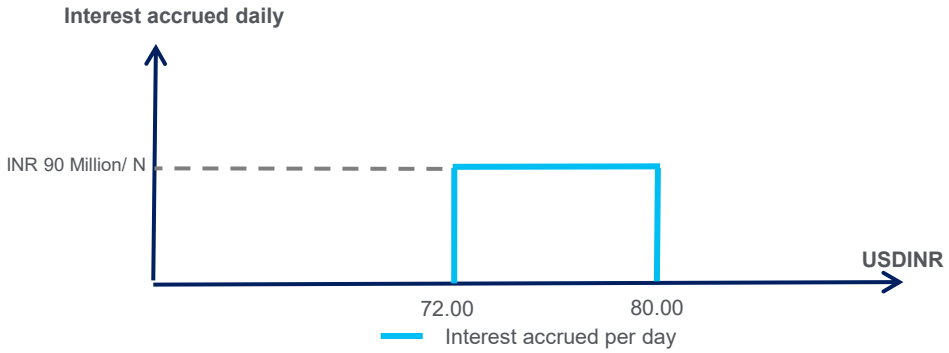

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Range Forward (Combination of FX European Vanilla

Non-retail

Features and Suitability

- **The Client wants to hedge USD receivable** and protect from the risk of USD depreciation beyond Put Option Strike. The Client has a view that USDINR is unlikely to appreciate beyond Call Option Strike.
- A range forward comprises of buying a Put option and selling a Call option.
- **No upfront premium** / cost to be paid by the Client.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year +2BD
Market Ref	USDINR Spot = [74.57]
Put Option Strike	[75.00]
Call Option Strike	[80.00]
1Y Forward	[77.92]
Option Premium	Zero Cost
Payoff profile	
If USDINR Spot at Expiry < 75.00	The Client can sell USD Notional against INR at Put Option Strike (full protection).
If 75.00 ≤ USDINR Spot at Expiry ≤ 80.00	The Client can sell USD Notional against INR at prevailing market spot rate (full participation)
If USDINR Spot at Expiry > 80.00	The Client has to sell USD Notional against INR at Call Option Strike.

Costs & Fees

- Zero Cost

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if USDINR depreciates and vice-versa.
- **USD/INR forward premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.
- **USD/INR volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold.

Benefits/ Risks

Benefits	• **The Client can hedge against USDINR depreciation below the Put Option Strike** while still participating in USDINR appreciation up till Call Option Strike.
Risks	• The Client will have to sell at a rate worse than the spot rate if the prevailing spot rate at expiry is above the strike on call option.

Illustration of how the product works / Scenario analysis

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Range Forward (Combination of FX European Vanilla

Non-retail

Features and Suitability

- **The Client wants to hedge USD payables** and protect itself from the risk of USD appreciation beyond Call Option Strike. The Client is willing to give away participation in USDINR depreciation below Put Option Strike.
- A range forward comprises of buying a Call option and selling a Put option.
- **No upfront premium** / cost to be paid by the Client.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	USDINR Spot = [74.57]
Call Option Strike	[85.00]
Put Option Strike	[74.50]
1Y Forward	[77.92]
Option Premium	Zero Cost

Payoff profile	
If USDINR Spot at Expiry > 85.00	The Client can buy USD Notional against INR at Call Option Strike (full protection).
If 74.50 ≤ USDINR Spot at Expiry ≤ 85.00	The Client can buy USD Notional against INR at prevailing market spot rate (full participation)
If USDINR Spot at Expiry < 74.50	The Client has to buy USD 1 Million against INR at Put Option Strike.

Costs & Fees

- Zero Cost

Mark to market (MTM) of the Transaction

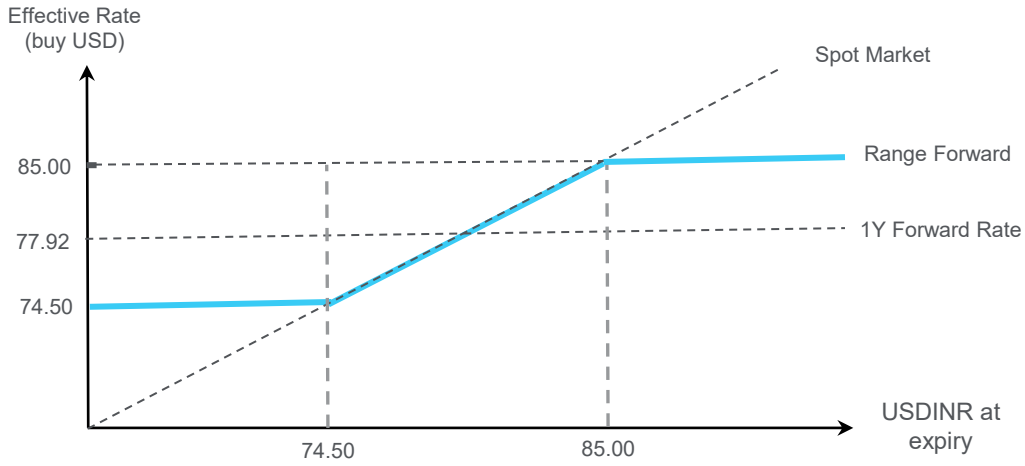
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if USDINR appreciates and vice-versa.
- **USD/INR forward premia:** The MTM will increase if USD/INR forward premia increases and vice-versa.
- **USD/INR volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold.

Benefits/ Risks

Benefits	• **The Client is hedged for USDINR appreciation beyond Call Option Strike** while still participating in USDINR depreciation upto Put Option Strike.
Risks	• The Client will have to buy at a rate worse than the spot rate if the prevailing spot rate at expiry is below the strike rate on put option.

Illustration of how the product works / Scenario analysis



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Seagull (Combination of FX European Vanilla Options)

Non-retail

Features and Suitability

- **The Client wants to hedge USD receivable** and protect from the risk of USD depreciation from Upper Put Strike to Lower Put Strike. Client has a view that USDINR is unlikely to appreciate beyond Call Option Strike.
- A seagull is combination of a bought Put spread and selling a Call option.
- **No upfront premium / cost to be paid by the Client.**

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	USDINR Spot = [74.57]
1Y Forward	[77.92]
Upper Put Strike	[78.00]
Lower Put Strike	[76.00]
Call Option Strike	[79.50]
Seagull Premium	Zero Cost

Payoff profile	
If USDINR Spot at Expiry > 79.50	The Client has to sell USD Notional against INR at [79.50]
If 78.00 ≤ USDINR Spot at Expiry ≤ 79.50	The Client can sell USD Notional against INR at prevailing spot.
If 76.00 ≤ USDINR Spot at Expiry ≤ 78.00	The Client can sell USD Notional against INR at [78.00]
If USDINR Spot at Expiry < 76.00	The Client can sell USD Notional against INR at 2 INR higher than prevailing spot.

Costs & Fees

- Zero Cost

Mark to market (MTM) of the Transaction

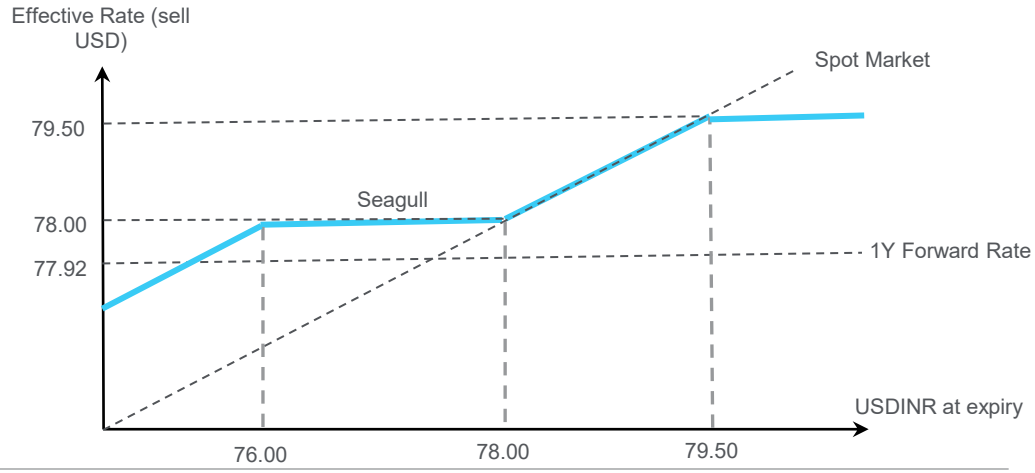
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if USDINR depreciates and vice-versa.
- **USD/INR Forward Premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.
- **USD/INR Volatility**: Increase in volatility will increase the value of the options which the Client has bought or sold.

Benefits/ Risks

Benefits	• **The Client can participate in USDINR appreciation up till Call Option Strike**. • The Client is hedged for USDINR depreciation from Upper Put Strike to Lower Put Strike.
Risks	• The Client will have to sell at a rate worse than the spot if the prevailing spot rate at expiry is more than the strike rate on call.

Illustration of how the product works / Scenario analysis



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Seagull (Combination of FX European Vanilla Options)

Non-retail

Features and Suitability

- **The Client wants to hedge USD payables** and wants to hedge itself from the risk of USD appreciation from Lower Call Strike to Upper Call Strike. Client is willing to give away participation in USDINR depreciation below Put Option Strike.
- A seagull is a combination of a bought Call spread and selling a Put option.
- No upfront premium **/ cost to be paid by the Client.**

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	USDINR Spot = [74.57]
1Y Forward	[77.92]
Lower Call Strike	[77.50]
Upper Call Strike	[78.50]
Put Option Strike	[74.50]
Seagull Premium	Zero Cost

Payoff profile	
If USDINR Spot at Expiry < 74.50	The Client has to buy USD Notional against INR at Put Option Strike.
If 74.50 ≤ USDINR Spot at Expiry ≤ 77.50	The Client can buy USD Notional against INR at prevailing spot.
If 77.50 ≤ USDINR Spot at Expiry ≤ 78.50	The Client can buy USD Notional against INR at [77.50]
If USDINR Spot at Expiry > 78.50	The Client can buy USD Notional against INR at 1 INR lesser than prevailing spot

Costs & Fees

- Zero Cost

Mark to market (MTM) of the Transaction

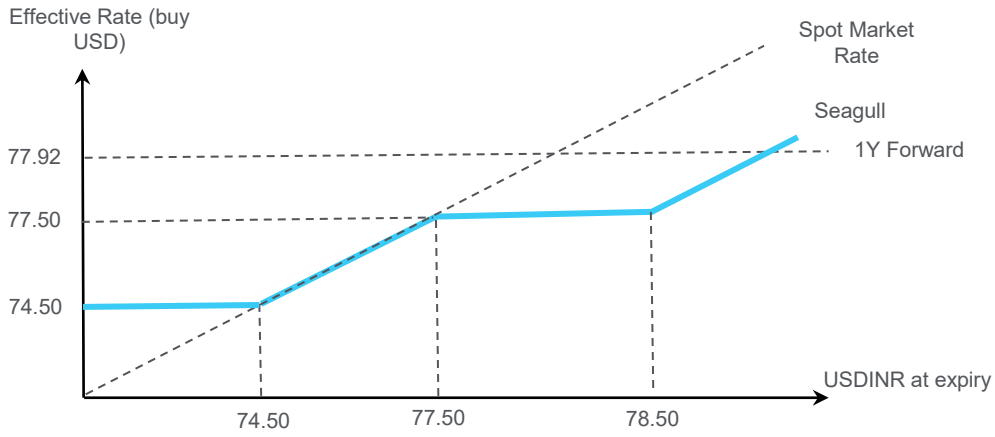
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if USDINR appreciates and vice-versa.
- **USD/INR Forward Premia:** The MTM will increase if USD/INR forward premia increases and vice-versa.
- **USD/INR Volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold.

Benefits/ Risks

Benefits	• **The Client can participate in USDINR depreciation up till Put Option Strike**. • The Client is hedged for USDINR appreciation from Lower Call Strike to Upper Call Strike.
Risks	• The Client will have to buy USD Notional at a rate worse than the spot rate if the prevailing spot rate at expiry is less than the strike on put option.

Illustration of how the product works / Scenario analysis



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FX Window Back Barrier Knock-in Option

Non-retail

Features and Suitability

- **The Client wants to hedge USD receivables** and wants to hedge against the scenario whereby USDINR depreciates significantly during a later period of the option.
- **Structure "knocks-in" when USDINR trades at or below the knock-in level during the "window"** – Window is active at a later start date than effective date and ends on expiry date.
- If USDINR trades Knock In Barrier anytime, the Client have the right to sell at strike rate

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	12 months / 12 months + 2BD
Window Start Date	6 months from Trade Date
Market Ref	USDINR Spot = [77.00]
Strike Rate	[80.00]
Lower Knock In Barrier	[75.00]
1Y Forward	[79.26]
Option Premium	[0.15%]

Payoff profile	
If USDINR never trades at or below Knock In Barrier	There is no contractual right / obligation between Citi and the Client.
If USDINR trades at or below Knock In Barrier	The Client has the right to sell USD Notional at [80.00]

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

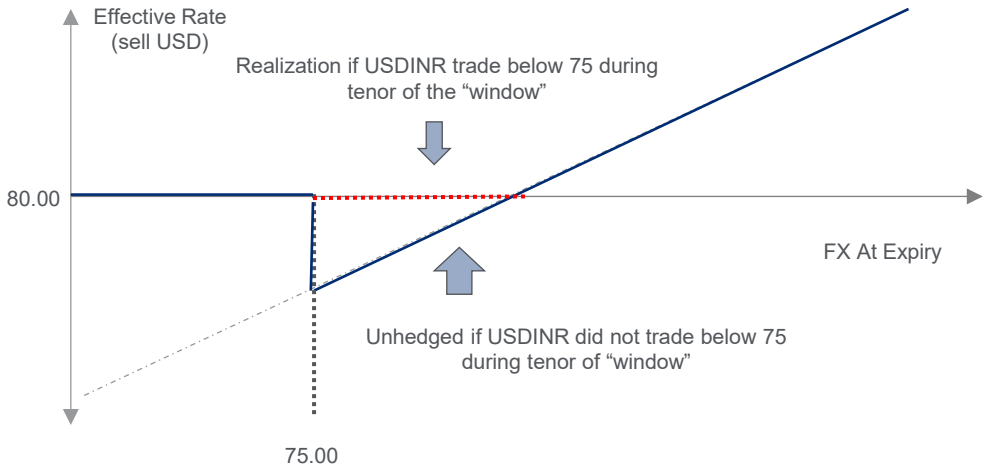
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if USDINR depreciates and vice-versa.
- **USD/INR forward premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.
- **USD/INR volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold. As USD/INR approaches the Knock In Barrier, the increase in volatility will increase the value of the options as well.

Benefits/ Risks

Benefits	• The Client is hedged at the Strike Rate, if USDINR faces significant depreciation during the window period.
Risks	• If USD/INR does not trades at or below Knock In Barrier, the Client will be unhedged

Illustration of how the product works / Scenario analysis



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FX Window Back Barrier Knock – Out Option

Non-retail

Features and Suitability

- **The Client wants to sell USD for INR at a Strike Rate greater than the prevailing market forward rate** and does not expect too much depreciation in USDINR during the tenor of the structure.
- **Structure "knocks-out" when USDINR trades at or below the knock-out level during the "window"** – Window is active at a start date later than effective date and ends on expiry date.
- Structure requires an upfront premium to be paid from the Client.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	12 months / 12 months + 2BD
Window Start Date	6 months from Trade Date
Market Ref	USDINR Spot = [77.00]
Strike Rate	[80.00]
Lower Knock Out Barrier	[73.00]
1Y Forward	[79.26]
Option Premium	[2.07%]

Payoff profile	
If USDINR never trades at or below Knock Out Barrier	The Client has the right to sell USD Notional at [80.00]
If USDINR trades at or below Knock In Barrier	There is no contractual right or obligation for the Client

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

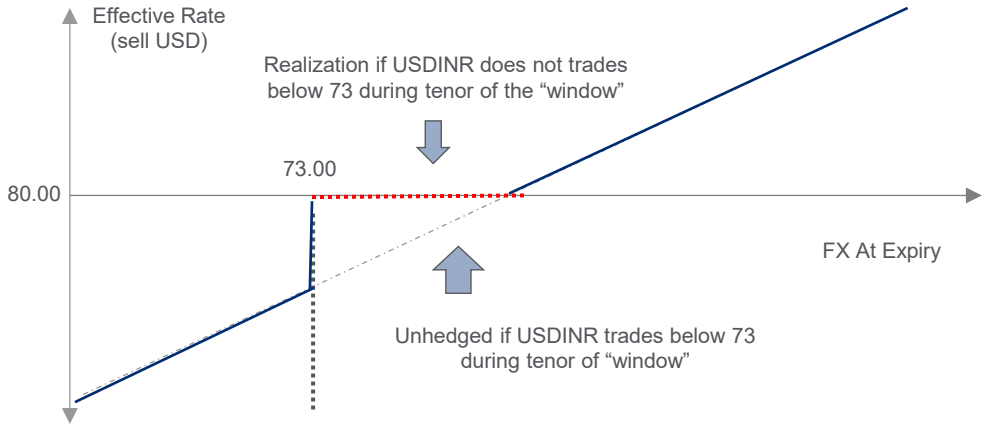
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of Client if USDINR depreciates and vice-versa, however as USDINR approaches the lower KO barrier, MTM will decrease.
- **USD/INR Forward Premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.
- **USD/INR Volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold. However, As USD/INR approaches the Knock Out Barrier, the increase in volatility will decrease the value of the options as well.

Benefits/ Risks

Benefits	• **The Client is hedged at the Strike Rate at a cheaper option premium**, if USDINR do not faces significant depreciation during the window period.
Risks	• If USD/INR trades at or below KO Barrier, the Client will be unhedged

Illustration of how the product works / Scenario analysis



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FX Window Back Double Barrier KO Option

Non-retail

Features and Suitability

- **The Client wants to sell USD for INR at a Strike Rate greater than the prevailing market forward rate** and does not expect too much appreciation, depreciation in USDINR during the tenor of the structure.
- Window is active at a start date later than effective date and ends on expiry date.
- Structure requires an upfront premium to be paid from the Client.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	12 months / 12 months + 2BD
Window Start Date	6 months from Trade Date
Market Ref	USDINR Spot = [77.00]
Strike Rate	[80.00]
Lower KO Barrier	[73.00]
Upper KO Barrier	[85.00]
1Y Forward	[79.26]
Option Premium	[0.41%]

Payoff profile	
If USDINR never breaches across lower or upper KO	The Client has the right to sell USD Notional at [80.00]
If USDINR breaches across lower or upper KO	There is no contractual right or obligation for the Client

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

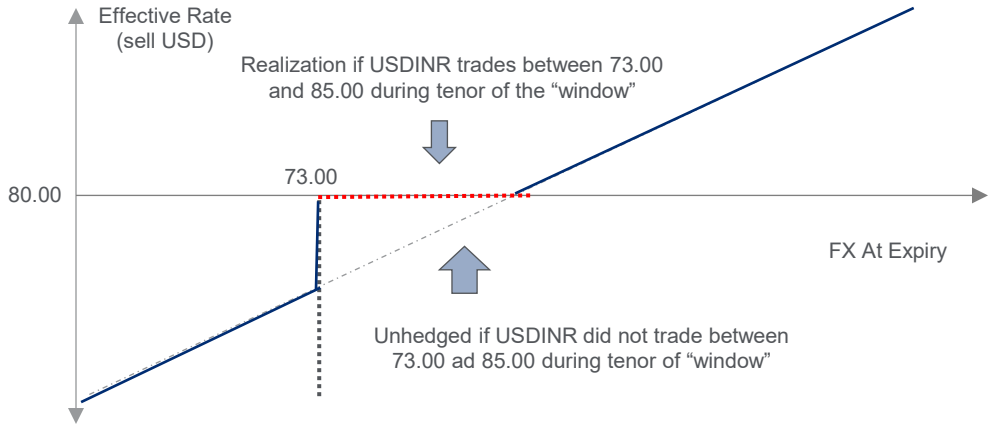
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if USDINR depreciates and vice-versa, however as USDINR approaches the KO barrier, MTM will decrease.
- **USD/INR Forward Premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.
- **USD/INR Volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold. However, As USD/INR approaches the Knock Out Barrier, the increase in volatility will decrease the value of the options as well.

Benefits/ Risks

Benefits	• The Client is hedged at the Strike Rate at a cheaper option premium, if USDINR do not faces significant spot movement during the window period.
Risks	• If USD/INR breaches any of the KO Barrier, the Client will be unhedged

Illustration of how the product works / Scenario analysis



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FX Window Back Knock in Knock out Barrier Option

Non-retail

Features and Suitability

- **The Client wants to hedge USD receivables** and wants to hedge against the scenario whereby USDINR depreciates significantly during a later period of the option. He does not expect too much appreciation in USDINR
- Window is active at a start date later than effective date and ends on expiry date.
- Structure requires an upfront premium to be paid from **the Client.**

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	12 months / 12 month + 2BD
Window Start Date	6 months from Trade Date
Market Ref	USDINR Spot = [77.00]
Strike Rate	[80.00]
Lower KI Barrier	[75.00]
Upper KO Barrier	[85.00]
1Y Forward	[79.26]
Option Premium	[0.13%]

Payoff profile	
If USDINR trades below KI, does not trade above KO during "window"	The Client has the right to sell USD Notional at [80.00]
Else	There is no contractual right or obligation for the Client

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

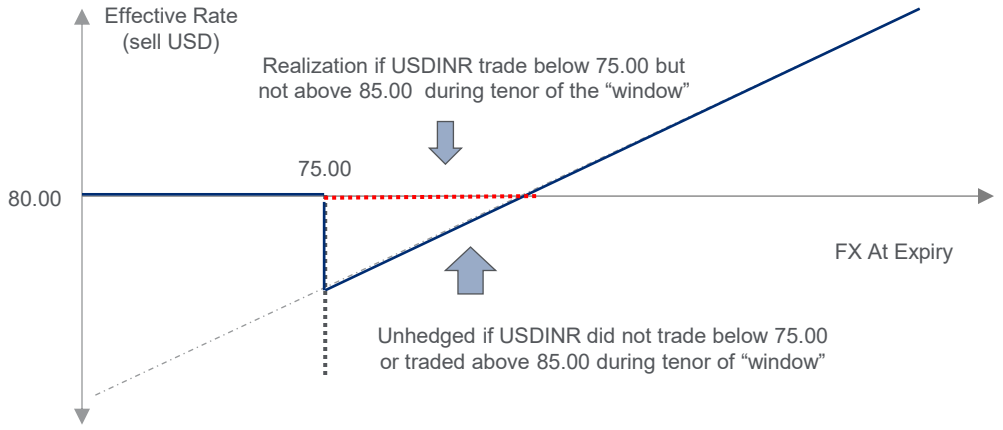
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if USDINR depreciates and vice-versa. USD/INR forward premia: The MTM will increase if USD/INR forward premia decreases and vice-versa.
- **USD/INR Volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold. However, As USD/INR approaches the Knock Out Barrier, the increase in volatility will decrease the value of the options as well.

Benefits/ Risks

Benefits	• The Client is hedged at the Strike Rate at a cheaper option premium, if USDINR do not face significant appreciation during the window period.
Risks	• If USD/INR breaches the KO Barrier or does not trade below the KI Barrier, the Client will be unhedged

Illustration of how the product works / Scenario analysis



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FX Window Forward

Non-retail

Features and Suitability

- **The Client wants to hedge USD receivable** and protect from the risk of USD depreciation.
- Under the Window forward, the client has obligation to sell the underlying currency pair at a pre-agreed fixed rate within a range of settlement dates also referred to as 'Window Period' or 'Option Period'
- There is no exchange of premium under the structure

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	USDINR Spot = [74.57]
Forward Rate	[77.92]
Premium	None
Settlement Date	Any Date within Window Period
Window Period	30 days starting at the end of 1 year
On Settlement Date	The Client sells USD Notional at Forward Rate, irrespective of where USDINR level is

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if USDINR depreciates and vice-versa.
- **USD/INR Forward premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.

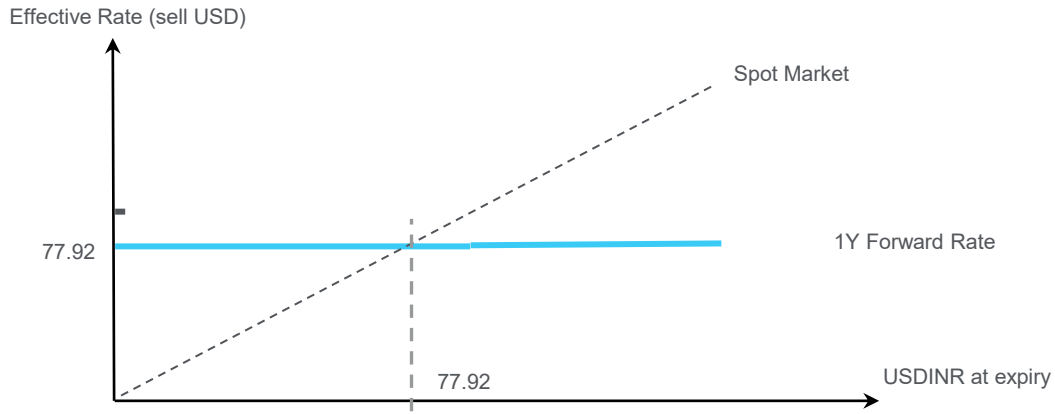
Early Delivery: Flexibility to utilize the contract prior to expiry subject to applicable costs

Early Termination: The contract can be freely cancelled anytime on or before the maturity date

Benefits/ Risks

Benefits	• The Client is hedged for USD/INR depreciation below Forward Rate
Risks	• If USD/INR ends above Forward Rate, the Client has an opportunity loss as the selling rate is fixed at Forward Rate

Illustration of how the product works / Scenario analysis



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FX Window Front Double Barrier Option

Non-retail

Features and Suitability

- **The Client wants to sell USD for INR at a Strike Rate greater than the prevailing market forward rate** and does not expect too much appreciation, depreciation in USDINR during the tenor of the structure.
- **Structure "knocks-out" when USDINR breaches the Barriers during the "window"** – Window is active at a trade effective date but ends earlier than FX Expiry Date
- Structure requires an upfront premium to be paid from the Client. .

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	12 months / 12 months + 2BD
Window End Date	6 months from Trade Date
Market Ref	USDINR Spot = [77.00]
Strike Rate	[80.00]
Lower KO Barrier	[73.00]
Upper KO Barrier	[85.00]
1Y Forward	[79.26]
Option Premium	[3.02%]
Payoff profile	
If USDINR never breaches across lower or upper KO	The Client has the right to sell USD Notional at [80.00]
If USDINR breaches across lower or upper KO	There is no contractual right or obligation for the Client

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

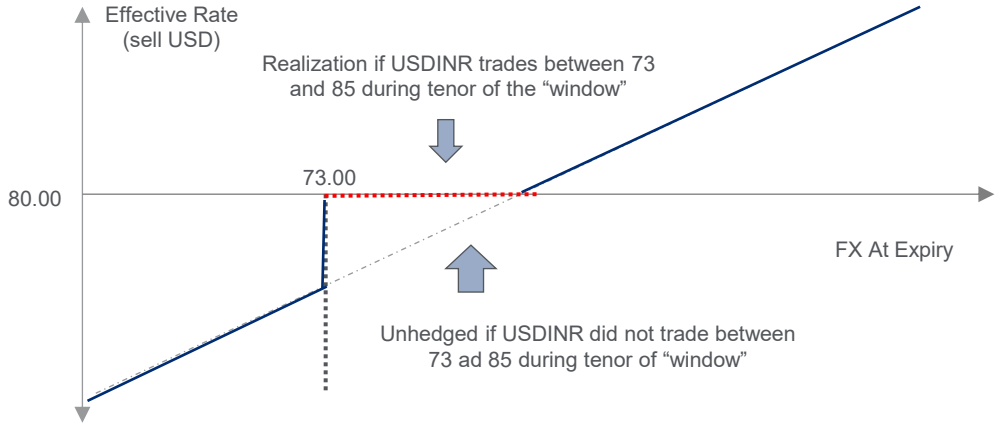
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if USDINR depreciates and vice-versa, however as USDINR approaches the KO barrier, MTM will decrease.
- **USD/INR Forward Premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.
- **USD/INR Volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold. However, As USD/INR approaches the Knock Out Barrier, the increase in volatility will decrease the value of the options as well.

Benefits/ Risks

Benefits	• The Client is hedged at the Strike Rate at a cheaper option premium, if USDINR do not faces significant spot movement during the window period.
Risks	• If USD/INR breaches any of the KO Barrier, the Client will be unhedged

Illustration of how the product works / Scenario analysis



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FX Window KO OneTouch

Non-retail

Features and Suitability

- **The Client will be paid a fixed notional amount if the currency pair does reaches or surpasses a predetermined barrier** before the currency pair reaches the KO level during the window period
- Structure requires an upfront premium to be paid from the Client..

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	USDINR Spot = [77.00]
Window Expiry Date	1M
OneTouch Level	[80.00]
Lower KO Level	[72.00]
Option Premium	[24.90%]
Payoff profile	
If USDINR Spot reaches OneTouch Level anytime during tenor of structure before it reaches KO Level	The Client receives USD 1mio
If USDINR Spot reaches KO level before One Touch Level	Structure "knocks-out", option expires worthless
If USDINR Spot never reaches OneTouch Level	Option expires worthless, the Client receives nothing

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if EURUSD appreciates towards the OneTouch level
- **USD/INR Volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold.

Benefits/ Risks

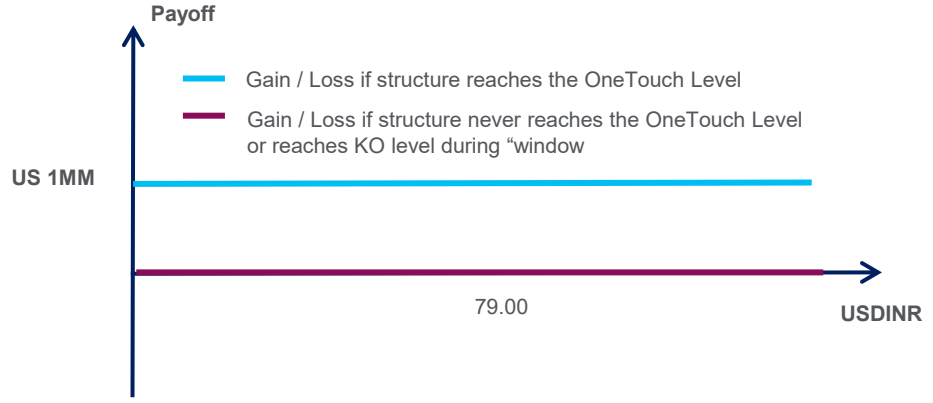
Benefits

- Structure might be suited for clients who believes that the USDINR rate will breach above a certain barrier during the tenor of the structure, but is also concerned that the rate may not remain above that barrier till the end of the structure tenor
- Introducing a lower KO level "cheapens" the option premium that client has to pay
- Maximum loss is limited to the premium at inception regardless of the currency movement

Risks

- The Client will forgo the premium paid for the structure if the currency pair never reaches the barrier over the life of the structure or currency pair reaches the KO level first.

Illustration of how the product works / Scenario analysis



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FX Window Knock-In <Double Barrier Option>

Non-retail

Features and Suitability

- **The Client wants to hedge USD receivables**. He does not think USDINR spot will appreciate and depreciate significantly to the KO Barriers
- **Structure "knocks-in" when USDINR trades at or below the knock-in level during the "window"** – Window is active at the trade date but expires earlier than the end date
- Structure knocks-out when USDINR breaches any of the upper KO or lower KO barrier prior to expiry.

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if USDINR depreciates and vice-versa. However, as USDINR reaches the KO Barriers, the MTM can decrease if the movement is towards breaching the barriers
- **USD/INR Forward Premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.
- **USD/INR Volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold. As USD/INR approaches the Knock In Barrier, the increase in volatility will increase the value of the options as well.

Benefits/ Risks

Benefits	• The Client is hedged at the Strike Rate, if USDINR faces significant depreciation during the window period.
Risks	• If USD/INR does not trades at or below Knock In Barrier, the Client will be unhedged

Indicative Terms & Conditions* and Payoff

Payoff Details		
USD Notional	USD 1 Million	
Expiry / Settlement	12 months / 12 months + 2BD	
Window End Date	6 months from Trade Date	
Market Ref	USDINR Spot = [77.00]	
Strike Rate	[80.00]	
Lower Knock In Barrier (Window)	[75.00]	
Upper KO Barrier	[85.00]	
Lower KO Barrier	[70.00]	
Option Premium	[4.00%]	
Payoff profile		
If USDINR trades below 75 in the first 6M	USDINR trades above 85 or below 70 subsequently at any time prior to expiry	Structure terminates
	Else	Client has the right to sell 1M USD Notional at [80.00]
If USDINR does not trade below 75 in the first 6m	Structure does not "knock-in" and terminates.	

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

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FX Window Knock-in <Euro Option>

Non-retail

Features and Suitability

- **The Client wants to hedge USD receivables** and wants to hedge against the scenario whereby USDINR depreciates significantly
- **Structure "knocks-in" when USDINR trades at or below the knock-in level during the "window"** – Window is active at the trade date but expires earlier than the end date
- If USDINR trades below Knock In Barrier anytime, the Client have the right to sell at strike rate.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	12 months / 12 months + 2BD
Window End Date	6 months from Trade Date
Market Ref	USDINR Spot = [77.00]
Strike Rate	[80.00]
Lower Knock In Barrier	[75.00]
1Y Forward	[79.26]
Option Premium	[2.10%]

Payoff profile	
If USDINR never trades at or below Knock In Barrier	There is no contractual right / obligation between Citi and the Client.
If USDINR trades at or below Knock In Barrier	The Client has the right to sell USD Notional at [80.00]

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

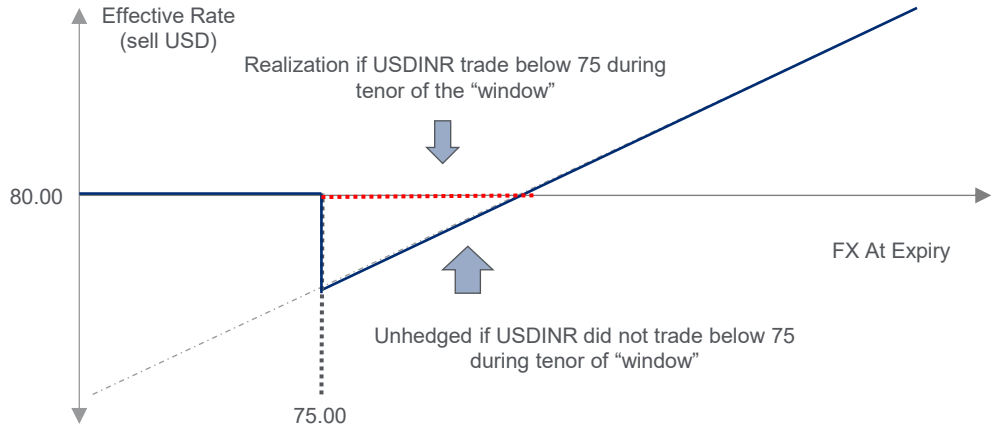
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favour of Client if USDINR depreciates and vice-versa.
- **USD/INR Forward Premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.
- **USD/INR Volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold. As USD/INR approaches the Knock In Barrier, the increase in volatility will increase the value of the options as well

Benefits/ Risks

Benefits	• The Client is hedged at the Strike Rate, if USDINR faces significant depreciation during the window period.
Risks	• If USD/INR does not trades at or below Knock In Barrier, the Client will be unhedged

Illustration of how the product works / Scenario analysis



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Alternate Forward: EUR and USD Seller

Non-retail

Features and Suitability

- **The client wants to mitigate risk** of INR appreciation against both EUR & USD. For EURUSD, **the structure creates a payoff where the client is hedged on the EURINR** in the event of a fixing above the Strike Rate A and is hedged only on USDINR when fixing below the Strike Rate A
- The proposed transaction **allows the client to sell USDINR or EURINR at a rate higher than the prevailing average forward rate at inception**

Indicative Terms & Conditions*

Payoff Details	
EUR Notional	EUR1 Million
USD Notional	USD 1.0625 Million
Expiry / Settlement	1 Month / 1Month + 2BD
Market Ref	USDINR Spot = [85.20] EURINR Spot = [88.52]
Strike Rate	EURUSD Strike A = 1.0625 USDINR Strike B = 86.30 EURINR Strike C = 91.6940
1M Forward	USDINR = 85.70, EURUSD = 1.043 EURINR = 89.3850
Option Premium	[NIL]
Payoff profile	
If EURUSD Spot at Expiry < Strike Rate A	The Client sells USD Notional at Strike Rate B
If EURUSD Spot at Expiry ≥ Strike Rate A	The Client sells EUR Notional at Strike C (=Strike Rate A * Strike Rate B)

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation

Mark to market (MTM) of the Transaction

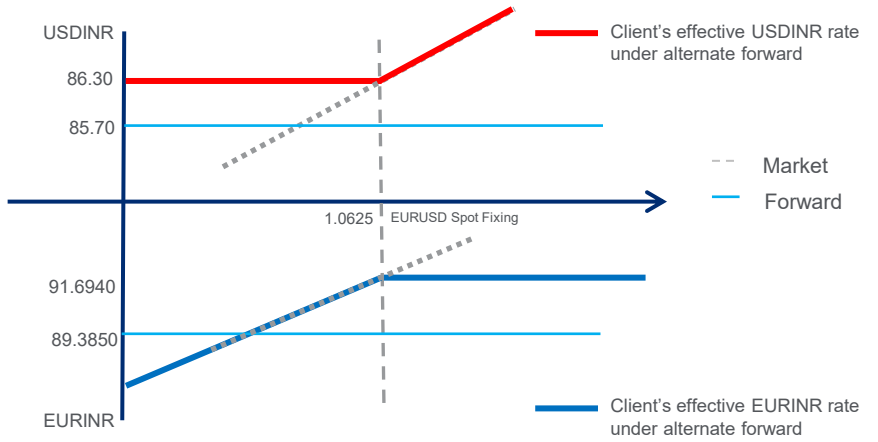
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will decrease if spot moves higher and vice-versa
- **USD/INR Forward Premia:** The MTM will decrease if forward premia increases and vice-versa
- **USD/INR Volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold

Benefits/ Risks

Benefits	• Initial strike rate of EURINR is above the prevailing forward levels Customer is hedged for USDINR at all points of time above the prevailing forward levels
Risks	• Opportunity loss to the customer in cases USDINR at expiry is above Strike Rate B at which client will sell USDINR • Opportunity loss to the customer in case EURINR at expiry is above Strike Rate C at which client will sell EURINR • Customer will remain unhedged on EURUSD exposure if EURUSD fixing is below Strike Rate B

Illustration of how the product works / Scenario analysis



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FX Asian Options (Average Rate Forward)

Non-retail

Features and Suitability

- Client wants the average spot rate for **a pre-defined fixing period** to determine the final fixing rate against the strike
- An Asian option allows the client to determine the pay off basis **average of daily fixing rate and reduce dependency** of a single day's spot rate
- Structure can be **paid or zero cost**

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry (T)	1 year
Market Ref	USDINR Spot = 91.50
Put Option Strike	92.00
Call Option Strike	96.00
1Y Par Forward	92.70
Option Premium	Zero Cost

Payoff profile	
If USDINR Cut off rate at Expiry < 92.00	Client can sell USD Notional against INR at Put Option Strike
If 92.00 ≤ USDINR Cut off rate at Expiry ≤ 96.00	Client can sell USD Notional against INR at prevailing market spot rate.
If USDINR Cut off rate Expiry > 96.00	Client has to sell USD Notional against INR at Call Option Strike.

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation

Mark to market (MTM) of the Transaction

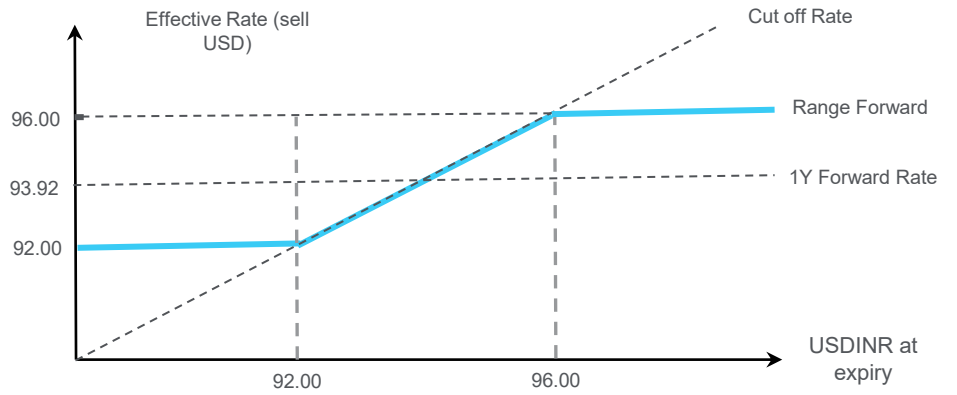
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase against the Client if INR depreciates over the period chosen for fixing vice-versa.
- **USD/INR Forward Premia:** The MTM will increase in favor of client, if USD/INR forward premia decreases over the period of the fixings and vice-versa.
- **USD/INR Volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold

Benefits/ Risks

Benefits	• Client can hedge against USD depreciation below the Put Option Strike while still participating in USD appreciation up till Call Option Strike. • Reduces dependency on a single day's spot rate and captures USDINR move
Risks	• Client will have to sell at a rate worse than the forward rate if the prevailing spot rate at expiry is between buy put and the 1Y forward rate

Illustration of how the product works / Scenario analysis



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FX Forward (Non-INR Non–Deliverable)

Non-retail / Retail

Features and Suitability

- The Client wants **to hedge BRL receivable, settled in equivalent USD** and protect from the risk of BRL depreciation.
- Under the non deliverable forward, **the Client has obligation to buy the underlying currency pair at a pre-agreed fixed rate "Non deliverable forward rate)**
- **There is no exchange of premium under the structure**

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	USDBRL Spot = [5.16]
Forward Rate	[5.6350]
Premium	None
Payoff profile	
On Settlement Date	The transaction will be net settled in USD based on the difference between the BRL BRFR fixing of USD/BRL and the non deliverable forward rate

Costs & Fees

- There is no upfront cost or fee. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Benefits/ Risks

Benefits	• The Client is **hedged for BRL depreciation against USD above Forward Rate**
Risks	• If USD/BRL ends below Forward Rate, the Client has an opportunity loss as the buying rate is fixed at Forward Rate

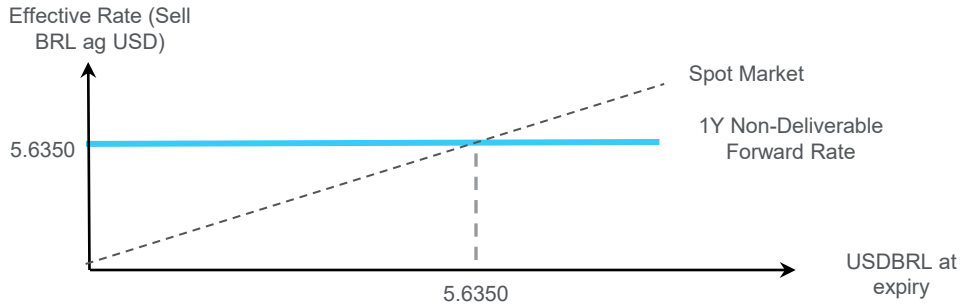
Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/BRL Spot:** The MTM will increase in favor of the Client if BRL depreciates and vice-versa.
- **USD/BRL non deliverable forward premia:** The MTM will increase if USD/BRL forward premia increases and vice-versa.
- **MTM calculation** is done basis offshore non deliverable curve which can move differently as compared to onshore curve

Early Termination: The contract can be freely cancelled anytime on or before the maturity date

Illustration of how the product works / Scenario analysis



Non-Deliverable Forwards (NDF)

In case of Non-Deliverable Forwards (NDF), the following conditions apply:

- NDF can be offered to all clients, for currency pairs involving INR or otherwise
- NDF contracts cannot be early utilized (or) delivered and are necessarily cash settled on the settlement date
- The cancellation rate at expiry for NDF is necessarily the published benchmark fixing rate on expiry date
- The currency of settlement will be INR for resident users while the same can be FCY or INR for non-resident users
- For taking delivery of the underlying transaction, the onshore spot market needs to be accessed. There could be basis risk between the NDF fixing rate and the spot rate, depending on the currency pair

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Non–Deliverable Call Option (FX European Option – Vanilla)

Retail, Non-retail

Features and Suitability

- The Client wants **to hedge BRL receivable, settled in equivalent USD** and protect from the risk of BRL depreciation.
- A **Call option** grants its owner the **right, but not the obligation, to buy** the underlying currency pair **at the Strike Rate**
- The structure **requires an upfront premium** / cost to be paid by the Client, with this premium dependent on the relevant Strike Rate.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 1 Million
Expiry / Settlement	1 year / 1 year + 2BD
Market Ref	USDBRL Spot = [5.16]
Strike Rate	[5.50]
1Y Forward	[5.6350]
Option Premium	[6.4%]
Payoff profile	
If USDBRL Spot at Expiry ≥ Strike Rate	The transaction will be net settled in USD based on the difference between the BRL BRFR fixing of USD/BRL and the Strike rate
If USDBRL Spot at Expiry < Strike Rate	Option ends up out of the money and expires worthless; the Client can buy USD Notional at prevailing market rate.

Costs & Fees

Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. The transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

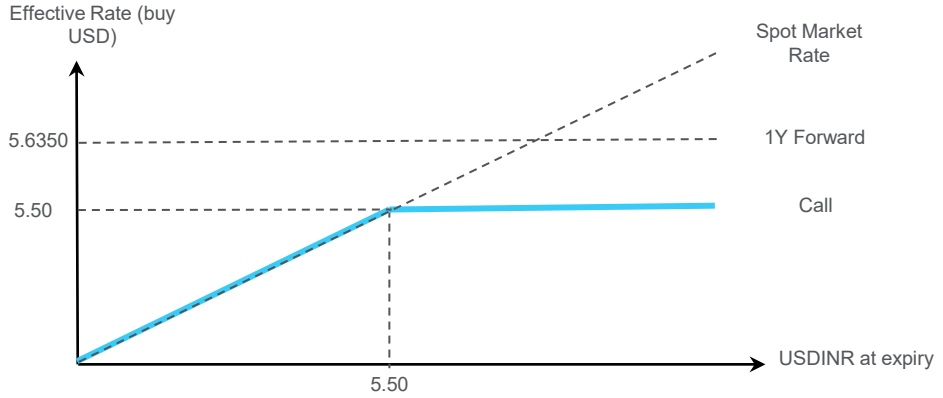
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/BRL Spot:** The MTM will increase in favor of the Client if USD appreciates and vice-versa
- **USD/BRL non deliverable forward premia**: The MTM will increase if USD/BRL forward premia increases and vice-versa
- **USD/BRL volatility**: The MTM will Increase with increase in volatility and vice-versa

Benefits/ Risks

Benefits	• The Client is **hedged for USD appreciation above Strike Rate**, while simultaneously, having the flexibility to participate in USD depreciation • Maximum loss is limited to the Option Premium agreed at inception regardless of the currency price movement
Risks	• If USD/BRL ends **below the Strike Rate**, the option will expire out of money

Illustration of how the product works / Scenario analysis



Other conditions that apply to NDFs are also applicable to NDOs

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Lookback Forward

Non-retail

Features and Suitability

- The Client has USD receivables and does not want to lock in USD/INR selling rate with the expectation of USD appreciation.
- A Lookback forward **allows the Client to hedge at the maximum / average of daily fixing rate** over a pre-defined window thereby **reducing dependency of a single day spot rate**.
- No upfront premium / cost to be paid by the Client.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 12 Million = USD 1 Million x 12 Months
Expiry / Settlement	1-12 months, 12 monthly settlements
Market Ref	USDINR Spot = [95.43]
Strike Rate	Maximum Spot fixing
Range	Lower Barrier = [90.50] Upper Barrier = [100.50]
Window	From Event Period Start Date (Inclusive) to Cut-Off time on Expiry Date(s).
Reset Strike	[97.25]
Par Forward	[97.25]
MaxSpotFix:	Maximum fixing in Observation Window
Strike=Strike in Range:	Max Spot Fix, provided all daily fixings in Observation Window stay in the Range, OR
Strike=Reset Strike:	[97.25], if any of the fixings in Observation Window is at or below Lower Barrier of the Range at or above Upper Barrier of the Range
Option Premium	Zero Cost

Payoff profile	
Pay-off at Settlement:	Client Sells notional at Strike or Reset Strike if any barrier breached

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination/unwind, will depend upon the following market factors:

- **USD/INR Spot:** The MTM will increase in favor of the Client if USDINR depreciates and vice-versa.
- **USD/INR forward premia:** The MTM will increase if USD/INR forward premia decreases and vice-versa.
- **USD/INR volatility:** Increase in volatility will increase the value of the options which the Client has bought or sold.

Benefits/ Risks

Benefits	• **Reduces dependency on a single day's spot rate.** • The Client can sell USD buy INR at a rate higher than the forward rate if INR depreciates during the observation period.
Risks	• The Client would not know the USD selling rate at the inception. If USD depreciates against INR significantly, Strike Rate can be worse than the inception forward rate. • If any fixing is at or beyond the barrier client will have to sell USD at reset strike which can be lower than the prevalent market / forward level.

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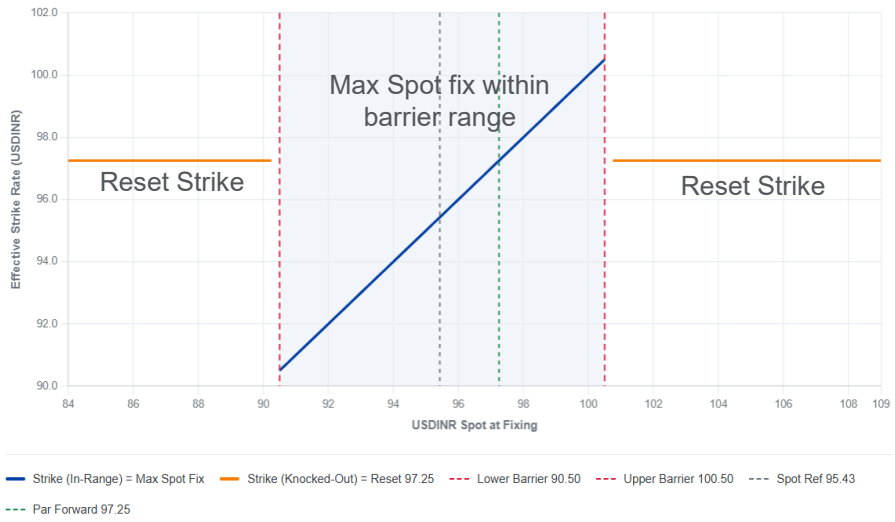
Lookback Forward (continued)

Non-retail

Start Date	Expiry Date	Notional	Lower Barrier	Upper Barrier
1-Jun-26	25-Jun-26	1,000,000	90.50	100.50
1-Jul-26	29-Jul-26	1,000,000	90.50	100.50
3-Aug-26	27-Aug-26	1,000,000	90.50	100.50
1-Sep-26	28-Sep-26	1,000,000	90.50	100.50
1-Oct-26	28-Oct-26	1,000,000	90.50	100.50
2-Nov-26	25-Nov-26	1,000,000	90.50	100.50
1-Dec-26	29-Dec-26	1,000,000	90.50	100.50
4-Jan-27	27-Jan-27	1,000,000	90.50	100.50
1-Feb-27	24-Feb-27	1,000,000	90.50	100.50
1-Mar-27	25-Mar-27	1,000,000	90.50	100.50
2-Apr-27	28-Apr-27	1,000,000	90.50	100.50
3-May-27	26-May-27	1,000,000	90.50	100.50

Illustration of how the product works / Scenario analysis



Indicative Payoff

Month	Max Spot fix	Notional	Barrier Range	Realization Rate
25-Jun-26	96.00	1,000,000	90.50 – 100.50	96.00
29-Jul-26	90.00	1,000,000	90.50 – 100.50	97.25
27-Aug-26	91.00	1,000,000	90.50 – 100.50	91.00
28-Sep-26	98.00	1,000,000	90.50 – 100.50	98.00
28-Oct-26	99.00	1,000,000	90.50 – 100.50	99.00
25-Nov-26	100.00	1,000,000	90.50 – 100.50	100.00
29-Dec-26	100.50	1,000,000	90.50 – 100.50	100.50
27-Jan-27	100.90	1,000,000	90.50 – 100.50	97.25
24-Feb-27	101.25	1,000,000	90.50 – 100.50	97.25
25-Mar-27	101.75	1,000,000	90.50 – 100.50	97.25
28-Apr-27	102.00	1,000,000	90.50 – 100.50	97.25
26-May-27	102.50	1,000,000	90.50 – 100.50	97.25

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Interest Rate Products

Averaging Float Leg (Averaging Float Interest Rate Swap)

Retail, Non-retail

Features and Suitability

- The Client has a USD liability linked to more than one floating rate indexes and is exposed to USD interest risk on the liability.
- The Client can enter into an Averaging Float Interest Rate Swap to hedge against a basket of floating rate indexes.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 10 Million
Expiry	5 years
Client receives	Weighted average rate of floating rates in table below, Quarterly, A/360 on USD Notional
Client pays	USD [1.30%], Quarterly, A/360 on USD Notional
Market Ref	US 1mL: 0.1020% US 3mL: 0.19825%

Floating Rate	Weight
USD 1m Libor	0.50
USD 3m Libor	0.50

Costs & Fees

- Client pays USD fixed rate coupon to hedge USD floating rate risk as per the illustrative Terms and Conditions above.
- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

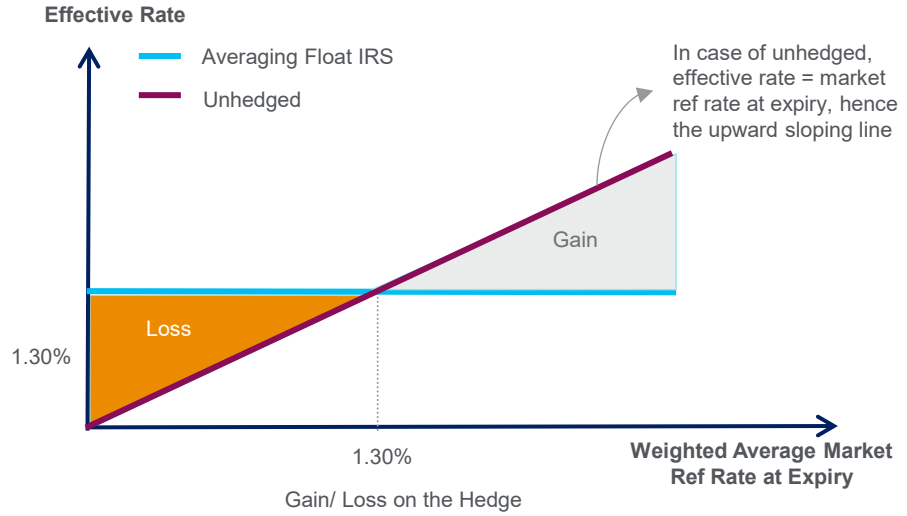
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **US Swap Rates:** The MTM will increase with increase in US swap rates and vice-versa.

Benefits/ Risks

Benefits	• The Client is hedged for USD Interest rate risk. • Interest rate swap ensures certainty of interest cost & cash outflow for the Client.
Risks	• The Client will not be able to benefit from lower LIBOR fixings.

Illustration of how the product works / Scenario analysis



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Callable Cross Currency Swap

Non-retail

Features and Suitability

- **The Client with floating rate USD liability** is looking to mitigate currency and interest rate risk by swapping USD liability to INR liability through USD/INR currency swap.
- The Client has a USD liability. The Client is exposed to USD/INR FX risk as well as USD interest risk on the liability.
- The Client can enter into a USD to INR currency swap to hedge USD/INR FX risk as well as USD Interest rate risk.
- The Client can enter into callable CCS as a **cost-saving product** to pay a cheaper cost vs vanilla CCS, thus **effectively converting its USD floating liability into an INR fixed liability at a cheaper cost**

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 10 Million
Maturity	7 year
USD/INR Spot	[83.00]
INR Notional	INR [830 Million]
Principal Exchange	On Effective Date: The Client pays USD Notional, receives INR Notional On Maturity Date or Early Termination Date: The Client pays INR Notional, receives USD Notional
Coupon payments	The Client receives: Daily Compounded USD SOFR, Quarterly, A/360 on USD Notional The Client pays: INR [6.52%], Quarterly, A/365 on INR Notional
Early Termination	Citi has right to cancel the swap once: at end of 2 years
Market Ref	SOFRRATE Index = 5.31%; USD-INR 7Y CCS: 6.87%

Costs & Fees

- Client pays INR fixed rate coupon to hedge USD floating rate risk as per the illustrative Terms and Conditions above.
- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

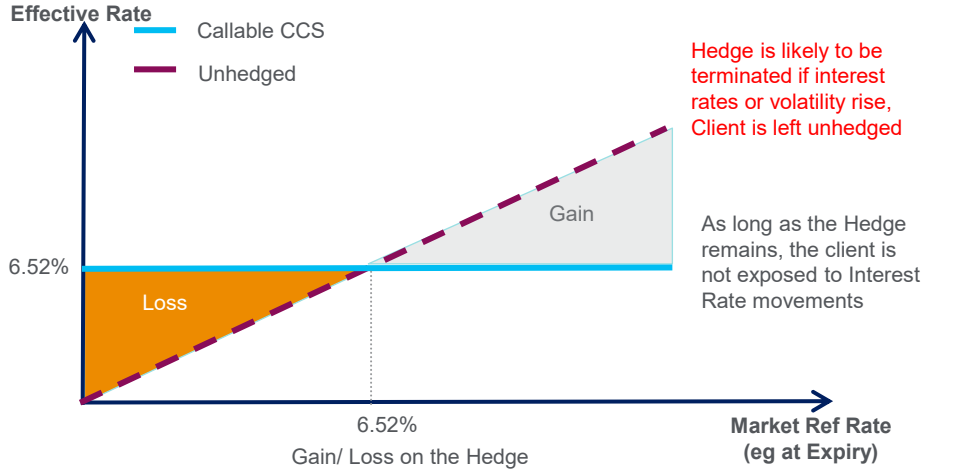
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR FX Rate:** The MTM will increase with USD appreciation and vice-versa.
- **INR Swap Rates:** The MTM will increase with increase in INR swap rates and vice-versa.
- **Interest rate volatility**: The MTM of will decrease if interest rate volatility increases and vice-versa.

Benefits/ Risks

Benefits	• Client achieves 35bps cost saving compared to vanilla CCS. • Currency and interest rate risk are hedged till Citi doesn't exercise the Call option
Risks	• Hedge is cancelled if Citi decides to cancel the swap after 2nd year • In the event that interest rates or interest rate volatility rise quickly, Citi has higher likelihood to early terminate the swap.

Illustration of how the product works / Scenario analysis



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Callable Interest Rate Swap

Non-retail

Features and Suitability

- The Client has **floating rate USD loan** and looking to mitigate interest rate risk by entering into floating to fixed interest rate swap.
- The Client has a USD liability and is exposed to USD interest risk on the liability.
- The Client can enter into a USD floating to fixed interest rate swap to hedge USD Interest rate risk.
- The Client can enter into callable IRS as a **cost-saving product** to pay a **cheaper cost vs vanilla IRS**.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 10 Million
Maturity	5 year
Client receives	Daily Compounded USD SOFR, Quarterly, A/360 on USD Notional
Client pays	USD [3.61%], Quarterly, A/360 on USD Notional
Early Termination	Citi has right to cancel the swap at end of 2 years
Market Ref	SOFRRATE Index = 5.31% 5y IRS = [3.91%]

Costs & Fees

- Client pays USD fixed rate coupon to hedge USD floating rate risk as per the illustrative Terms and Conditions above.
- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

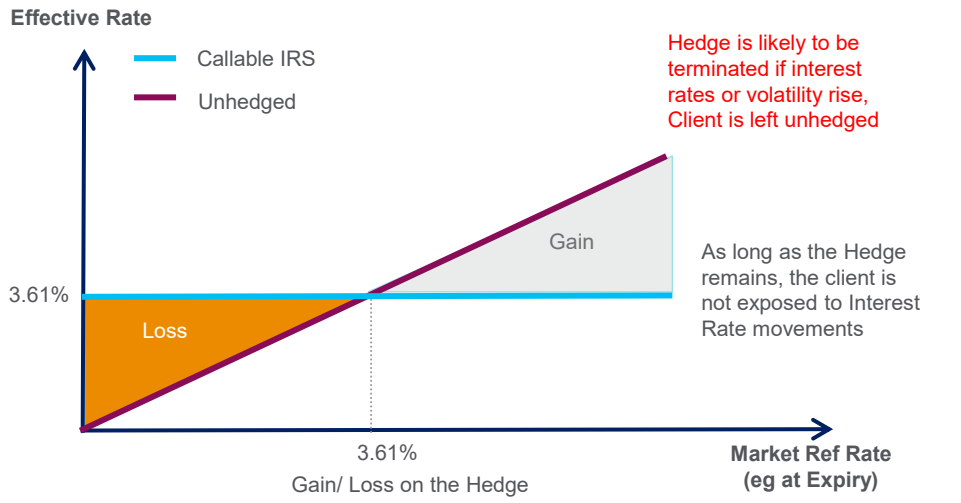
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD Swap Rates:** The MTM will increase with increase in USD swap rates and vice-versa.
- **Interest rate volatility**: The MTM of will decrease if interest rate volatility increases and vice-versa.

Benefits/ Risks

Benefits	• Client achieves 30bps cost saving compared to vanilla CCS. • Interest Rate risk is hedged till Citi doesn't exercise the Call option
Risks	• Hedge is cancelled if Citi decides to cancel the swap after 2nd year • In the event that interest rates or interest rate volatility rise quickly, Citi has higher likelihood to early terminate the swap.

Illustration of how the product works / Scenario analysis



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CMS Spread Range Accrual

Non-retail

Features and Suitability

- **CMS Range Accrual accrues coupon periodically if the Spread between 2 CMS Indices is within the specified range**. It can be used to cheapen the cost of liability hedging.
- In this structure, the interest rate on one leg will only accrue if the spread between 2 CMS Indexes trades or fixes within the specified range.
- **The Client can enter into the CMS range accrual as a cost saving product,** and can also use it as an **access product to hedge against the long end of the curves or against steepening/flattening of the yield curve.**

Indicative Terms & Conditions*

Payoff details	
Notional	USD 10 Million
Expiry	5Y
Range	US CMS30 – US CMS2 < [2.00%]
Client Pays	[0.50%] p.a.
Client Receives	[1.50%] * n/N p.a.
Underlying Index	US CMS30 – US CMS2
n	Number of calendar days where (US CMS30 - US CMS2) ≤ [2.00%]
N	Number of calendar days in Observation Period
Market Ref	US CMS2 spot: 0.856% US CMS 30 spot: 1.701%

Costs & Fees

- Client pays USD fixed rate coupon to cheapen cost of liability hedging as per the illustrative Terms and Conditions above.
- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

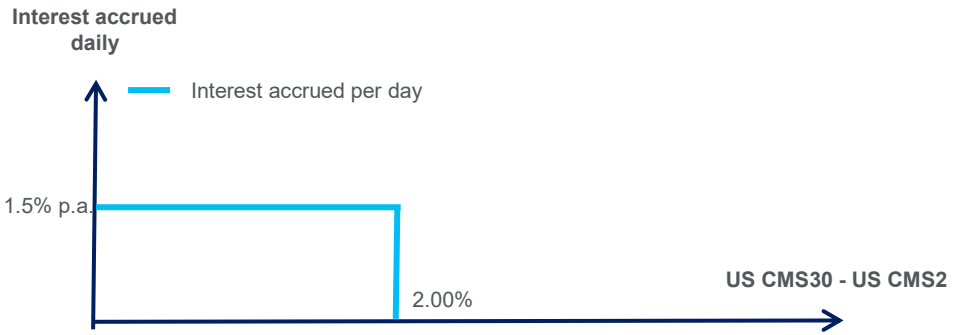
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **CMS Rates:** MTM will decrease with increase in spread of CMS rates and vice-versa.
- **US Interest Rate Volatility:** MTM will decrease if interest rate volatility increases and vice-versa.

Benefits/ Risks

Benefits	• **Helps the Client cheapen the cost of liability hedging.** • The Client can customize Strikes/ Underlyings to match risk/return objective.
Risks	• The Client will not accrue interest for each day when Underlying Index Spread sets outside the specified range. • The Client may end up paying a rate higher than the effective interest received. • Sensitivity on curve rotation in terms of steepening and flattening adds another risk on top of regular rates movement

Illustration of how the product works / Scenario analysis



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CMS Spread Range Accrual (pay floating)

Non-retail

Features and Suitability

- **CMS Range Accrual accrues coupon periodically if the Spread between 2 CMS Indices is within the specified range**. It can be used to cheapen the cost of liability hedging.
- In this structure, the interest rate on one leg will only accrue if the spread between 2 CMS Indexes trades or fixes within the specified range.
- The Client can enter into the CMS range accrual as a **cost saving product**, and can also use it as an **access product to hedge against the long end of the curves or against steepening/flattening of the yield curve.**

Indicative Terms & Conditions*

Payoff details	
Notional	USD 10 Million
Expiry	5Y
Range	US CMS30 – US CMS2 < [2.00%]
Client Pays	[0.20%] p.a.
Client Receives	Daily Compounded USD SOFR, Quarterly, Act/360 * n/N
Underlying Index	US CMS30 – US CMS2
n	Number of calendar days where (US CMS30 - US CMS2) ≤ [2.00%]
N	Number of calendar days in Observation Period
Market Ref	US CMS2 spot: 0.856% US CMS 30 spot: 1.701%

Costs & Fees

- Client pays USD fixed rate coupon to cheapen cost of liability hedging as per the illustrative Terms and Conditions above.
- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

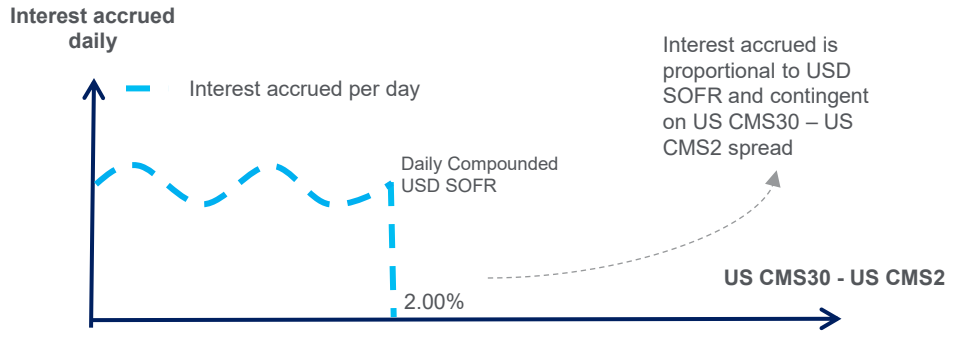
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **CMS Rates:** MTM will decrease with increase in spread of CMS rates and vice-versa.
- **US Interest Rate Volatility:** MTM will decrease if interest rate volatility increases and vice-versa.

Benefits/ Risks

Benefits	• **Helps the Client cheapen the cost of liability hedging.** • The Client can customize Strikes/ Underlyings to match risk/return objective.
Risks	• The Client will not accrue interest for each day when Underlying Index sets outside the specified range. • The Client will receive less coupon on lower SOFR fixings • The Client may end up paying a rate higher than the effective interest received. • Sensitivity on curve rotation in terms of steepening and flattening adds another risk on top of regular rates movement

Illustration of how the product works / Scenario analysis



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Constant Maturity OIS

Retail, Non-retail

Features and Suitability

- **The Client has USD liability linked to CMS OIS Index** and would like to hedge against interest rate risk
- **The Client has a USD liability linked to CMS Index that references to SOFR and is exposed to rate fluctuations**
- The Client can enter into a CMOIS to receive a coupon linked to the CMOIS Index and pay fixed coupon, thereby hedging the interest rate risk

Indicative Terms & Conditions* and Payoff

Payoff Details	
USD Notional	[USD 10 Million]
Expiry	5Y
Client receives	CMOIS5, Semi-Annually, A/360 on USD Notional
Client pays	[1.44%], Semi-Annually, A/360 on USD Notional
Market Ref	CMOIS5 = 1.05%

Costs & Fees

- Client pays USD fixed rate coupon to hedge USD floating rate risk as per the illustrative Terms and Conditions above.
- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

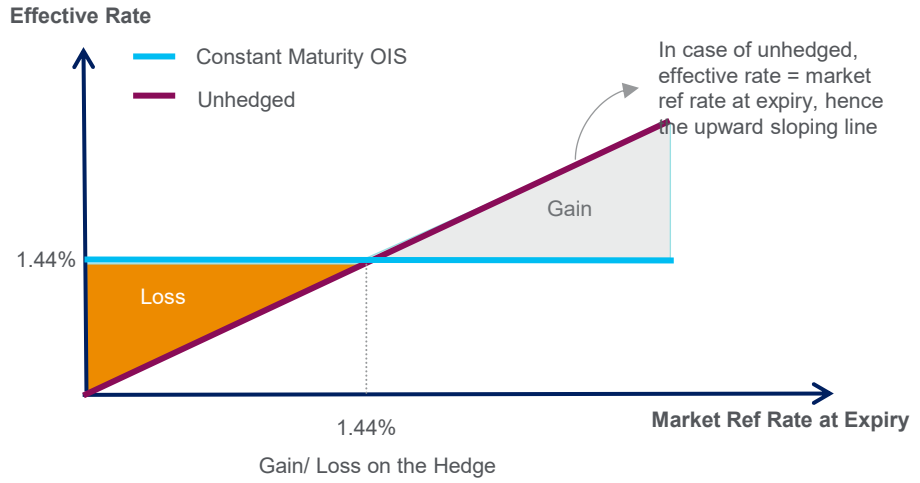
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **CMOIS Rates:** The MTM will increase with increase in CMOIS rates and vice-versa.

Benefits/ Risks

Benefits	• **The Client is hedged for CMS rate risk.** • Interest rate swap ensures certainty of interest cost & cash outflow for the Client.
Risks	• The Client will not be able to benefit from lower CMOIS fixings.

Illustration of how the product works / Scenario analysis



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Cross Currency Swap

Retail, Non-retail

Features and Suitability

- **The Client with floating rate USD liability** is looking to mitigate currency and interest rate risk by swapping USD liability to INR liability through USD/INR currency swap.
- The Client has a USD liability. The Client is exposed to USD/INR FX risk as well as USD interest risk on the liability.
- The Client can enter into a USD to INR currency swap to hedge USD/INR FX risk as well as USD Interest rate risk.
- The Client **effectively converts its USD floating liability into an INR fixed liability.**

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 10 Million
Expiry	5 year
USD/INR Spot	[75.00]
INR Notional	INR [750 Million]
Principal Exchange	On Effective Date: The Client pays USD Notional, receives INR Notional On Maturity Date: The Client pays INR Notional, receives USD Notional
Coupon payments	The Client receives: Daily Compounded USD SOFR, Quarterly, A/360 on USD Notional The Client pays: INR [5.31%], Quarterly, A/365 on INR Notional
Market Ref	SOFRRATE Index = 0.05%

Costs & Fees

- Client pays INR fixed rate coupon to hedge USD floating rate risk as per the illustrative Terms and Conditions above.
- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

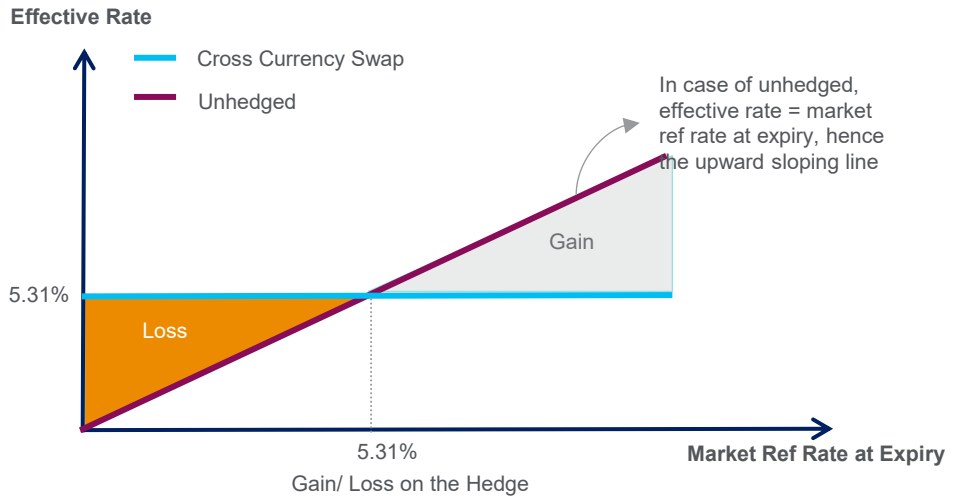
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR FX Rate:** The MTM will increase with USD appreciation and vice-versa.
- **INR Swap Rates:** The MTM will increase with increase INR swap rates and vice-versa.

Benefits/ Risks

Benefits	• Currency and interest rate risk completely hedged.
Risks	• Clients will not be able to benefit from INR appreciation or lower daily compounded SOFR rate

Illustration of how the product works / Scenario analysis



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Cross Currency Swap (Non-Deliverable INR Settled)

Non-retail

Features and Suitability

- Client with floating rate USD liability is looking to mitigate currency and interest rate risk by swapping USD liability to INR liability through USD/INR currency swap. **The transaction is settled in INR**
- Client has a USD liability. Client is exposed to USD/INR FX risk as well as USD interest risk on the liability.
- Client can enter into a USD to INR currency swap to hedge USD/INR FX risk as well as USD Interest rate risk. Client effectively converts its USD floating liability into a INR fixed liability.
- **All USD cash flows settled in INR using FBIL USDINR Fixing**

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 10 Million
Expiry	5 year
USD/INR Spot	[75.00]
INR Notional	INR [750 Million]
Principal Exchange	On Effective Date: None On Maturity Date: Client pays INR Notional, receives USD Notional. **USD Cashflows settled in INR**
Coupon payments	The Client receives: Daily Compounded USD SOFR, Quarterly, A/360 on USD Notional The Client pays: INR [5.31%], Quarterly, A/365 on INR Notional
Market Ref	SOFRRATE Index = 0.05%

Costs & Fees

- Client pays INR fixed rate coupon to hedge USD floating rate risk as per the illustrative Terms and Conditions above.
- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

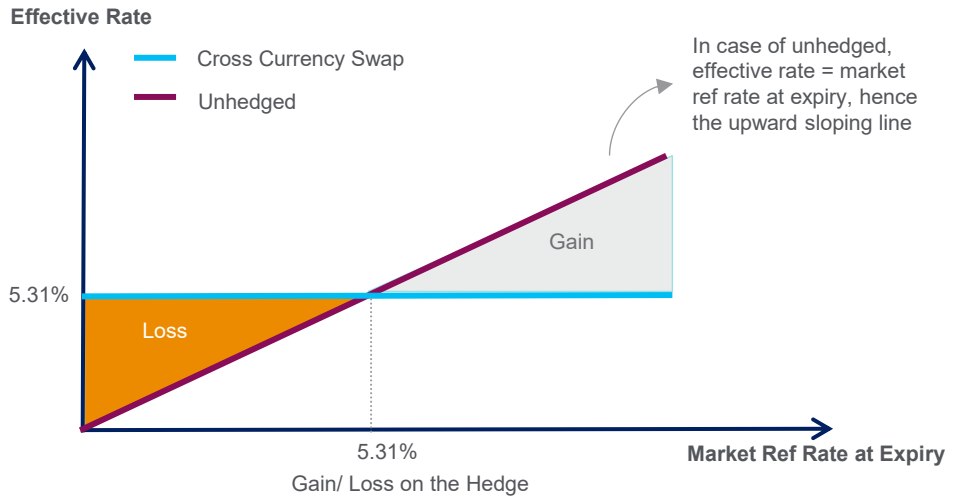
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR FX Rate:** The MTM will increase with USD appreciation and vice-versa.
- **INR Swap Rates:** The MTM will increase with increase INR swap rates and vice-versa.

Benefits/ Risks

Benefits	• Currency and interest rate risk completely hedged.
Risks	• Clients will not be able to benefit from INR appreciation or lower daily compounded SOFR rate

Illustration of how the product works / Scenario analysis



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Cross Currency Swap (Non-Deliverable USD Settled)

Non-retail

Features and Suitability

- Client with floating rate USD liability is looking to mitigate currency and interest rate risk by swapping USD liability to INR liability through USD/INR currency swap. **The transaction is settled in USD**
- Client has a USD liability. Client is exposed to USD/INR FX risk as well as USD interest risk on the liability.
- Client can enter into a USD to INR currency swap to hedge USD/INR FX risk as well as USD Interest rate risk. Client effectively converts its USD floating liability into a INR fixed liability.
- **All INR cash flows settled in USD using FBIL USDINR Fixing**

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 10 Million
Expiry	5 year
USD/INR Spot	[75.00]
INR Notional	INR [750 Million]
Principal Exchange	On Effective Date: None On Maturity Date: Client pays INR Notional, receives USD Notional. **INR Cashflows settled in USD**
Coupon payments	The Client receives: Daily Compounded USD SOFR, Quarterly, A/360 on USD Notional The Client pays: INR [5.31%], Quarterly, A/365 on INR Notional
Market Ref	SOFRRATE Index = 0.05%

Costs & Fees

- Client pays INR fixed rate coupon to hedge USD floating rate risk as per the illustrative Terms and Conditions above.
- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

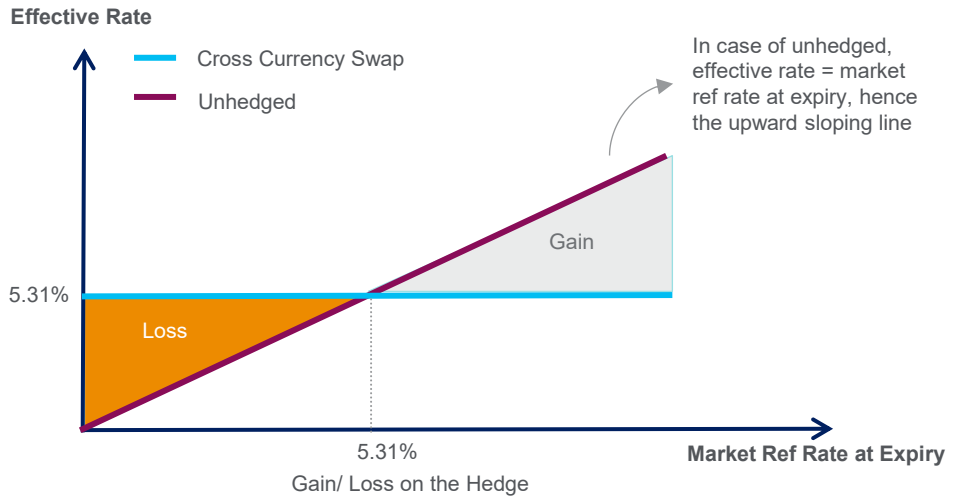
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR FX Rate:** The MTM will increase with USD appreciation and vice-versa.
- **INR Swap Rates:** The MTM will increase with increase INR swap rates and vice-versa.

Benefits/ Risks

Benefits	• Currency and interest rate risk completely hedged.
Risks	• Clients will not be able to benefit from INR appreciation or lower daily compounded SOFR rate

Illustration of how the product works / Scenario analysis



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Cross Currency Swaption

Non-retail

Features and Suitability

- **Cross Currency Swaption gives Client the right but not the obligation to enter into a cross currency swap on a specific date at specified Strike.**
- A cross currency Swaption is an Option of specified Expiry, to enter into a Pay INR Fixed / Receive USD Float Swap, with specified Start Date, Tenor & Strike.
- Client has a fixed rate asset (bond portfolio) or floating rate liability (eg a floating loan / mortgage) and would like to hedge USD/INR FX risk and USD interest rate risk

Indicative Terms & Conditions*

Payoff details	
USD Notional	USD 10 Million
INR Notional	INR [830 Million]
Expiry / Tenor	2Y expiry, 5Y Tenor
Strike	[6.90%]
Option Premium	[USD 150K]
Payoff	• At T+2y, Client has the option to enter a 5Y INR Pay Fixed [6.90%] Q (A/365, adj), receive USD Daily Compounded SOFR, SA (A/360, adj) • If option is exercised, payoff is equivalent to a pay INR fixed rec USD SOFR float CCS.
Market Ref	USD/INR FX: [83.00]; USD-INR MIFOR CCS

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above.
- Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

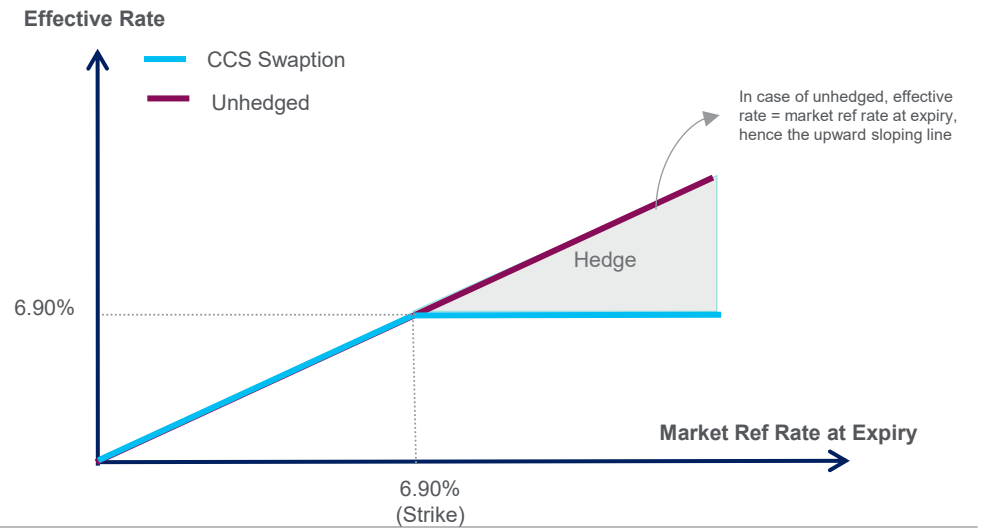
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR FX Rate:** The MTM will increase with USD appreciation and vice-versa.
- **INR Swap Rates:** The MTM will increase with increase in INR swap rates and vice-versa.
- **Interest rate volatility**: The MTM of will increase if interest rate volatility increases and vice-versa.

Benefits/ Risks

Benefits	• **Swaption allows client to be hedged when rates increase above Strike.** • Allows participation should rates move lower.
Risks	• The maximum loss on the swaption is the premium paid upfront.

Illustration of how the product works / Scenario analysis



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Cross Currency Swaption (Sold)

Non-retail

Features and Suitability

- **In a Sold Swaption, the Client grants the right to the bank to enter into a swap on a specific Date at specified Strike.**
- A cross currency Swaption is an Option of specified Expiry, to enter into a Pay INR Fixed / Receive USD Float Swap, with specified Start Date, Tenor & Strike.
- Client has an interest rate and/or FX exposure, due to a USD asset/receivable or an INR liability, and would like to hedge USD/INR FX risk and/or USD interest rate risk, but can cheapen the hedge-cost by selling an Option to the counterparty Bank

Indicative Terms & Conditions*

Payoff details	
USD Notional	USD 10 Million
INR Notional	INR [830 Million]
Expiry / Tenor	2Y expiry, 5Y Tenor
Strike	[6.90%]
Option Premium	[USD 100K]
Payoff	• At T+2y, the Bank has the option to enter a 5Y INR Pay Fixed [6.90%] Q (A/365, adj), receive USD Daily Compounded SOFR, SA (A/360, adj) • If option is exercised, payoff is equivalent to a pay INR fixed rec USD SOFR float CCS for the bank.
Market Ref	USD/INR FX: [83.00]; USD-INR MIFOR CCS

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above accrues to the client, so is not a Cost.
- Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

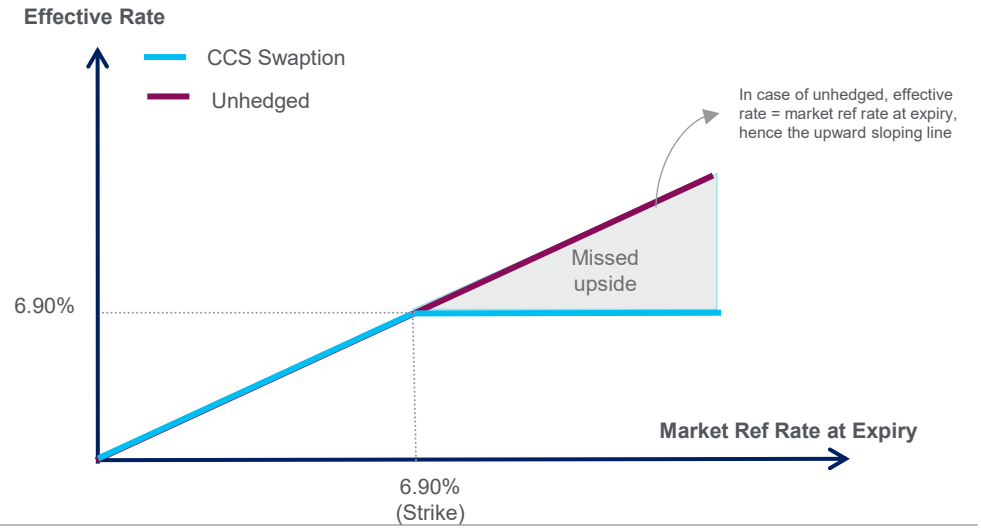
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD/INR FX Rate:** The MTM will decrease with USD appreciation and vice-versa.
- **INR Swap Rates:** The MTM will decrease with increase in INR swap rates and vice-versa.
- **Interest rate volatility**: The MTM of will decrease if interest rate volatility increases and vice-versa.

Benefits/ Risks

Benefits	• **Swaption allows client to cheapen the hedge cost as long as the rate remains below the Strike.** • Client can select a strike which it would be ok to get locked at if rates moved higher
Risks	• If rates increase above the Strike, the client loses any further participation (missed opportunity).

Illustration of how the product works / Scenario analysis



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Digital Cap Option (Digital Option – Vanilla)

Non-retail

Features and Suitability

- **Digital cap provides a fixed payout if the Strike is hit or breached**
- The Client has floating rate liability & faces risk of interest rates rising.
- A digital cap is a strip of digital caplets that pay a fixed notional amount if the underlying interest rate fixing is above the Strike at each period.
- A digital cap option provides a rebate that can cheapen the effective hedging rate should interest rates rise, while providing participation should interest rates fall.

Indicative Terms & Conditions*

Payoff Details	
Notional	USD 10 Million
Underlying Interest Rate	Daily Compounded USD SOFR
Expiry	5Y
Digital Payoff	[1%]
Strike	[1.09%] (5Y swap rate)
Option Premium	[100 bps], USD 100k (upfront)
Payoff at each quarter (per caplet)	• If Spot > Strike, client receives USD10mio*[1%] *A/360 • If Spot < Strike, client receives nothing
Market Ref	SOFRRATE Index = 0.05% US 5Y IRS: 1.09%

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

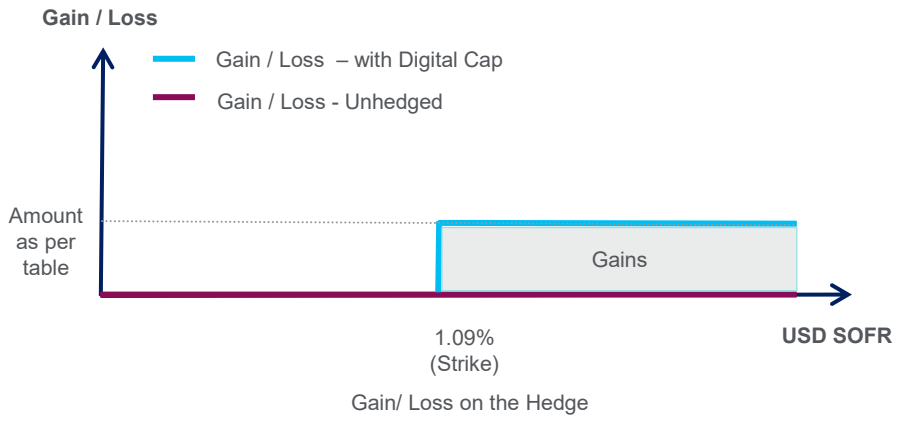
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **US Swap Rates:** The MTM will increase with increase in US swap rates and vice-versa.
- **US Interest Rate Volatility:** The MTM will increase if interest rate volatility increases and vice-versa.

Benefits/ Risks

Benefits	• Digital cap provided fixed payout to hedge against increase in interest rate above the Strike. Allows participation in lower rates.
Risks	• Does not provide a full hedge like a vanilla cap. • Upfront premium forgone if rate fixes below Strike.

Illustration of how the product works / Scenario analysis



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Digital Spread Cap Option (Digital Spread Option – Vanilla)

Non-retail

Features and Suitability

- Digital cap on the spread of two reference rates provides a fixed payout if the Strike is hit or breached
- The Client has floating rate liability linked to the spread of 2 references rates & faces risk of the spread widening
- **A digital cap is a strip of digital caplets that pay a fixed notional amount if the underlying reference rate fixing is above the Strike at each period.**
- A digital spread cap option provides a rebate that can cheapen the effective hedging rate should the spread widen, while providing participation should the spread tighten

Indicative Terms & Conditions*

Payoff Details	
Notional	USD 10 Million
Underlying Interest Rate	US CMS30 – US CMS2
Expiry	5Y
Digital Payoff	[1%]
Strike	[1.00%]
Option Premium	[100 bps], USD 100k (upfront)
Payoff at each quarter (per caplet)	• If (US CMS30 – US CMS2) > Strike, the Client receives USD10mio*[1%] *A/360 • If (US CMS30 – US CMS2) < Strike, the Client receives nothing.
Market Ref	US CMS2 spot: 0.856% US CMS 30 spot: 1.701%

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

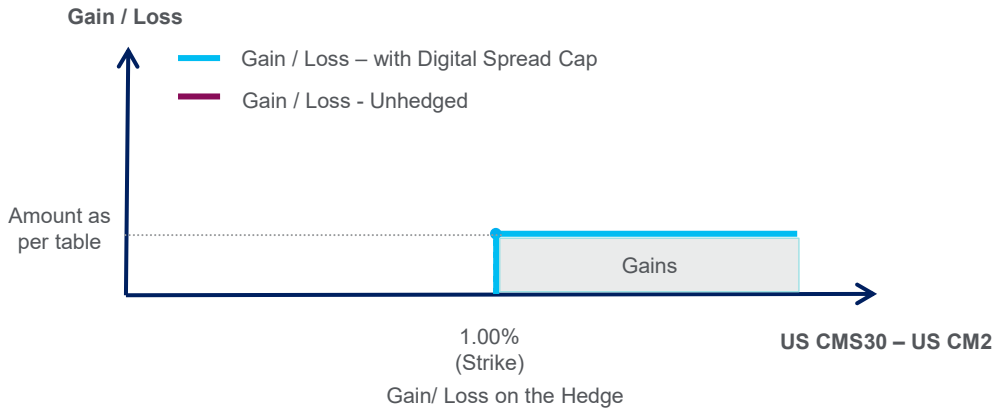
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **CMS Rates**: The MTM will increase with increase in the spread between CMS Indexes and vice-versa.
- **US Interest Rate Volatility:** The MTM will increase if interest rate volatility increases and vice-versa.

Benefits/ Risks

Benefits	• Digital cap provided fixed payout to hedge against increase in spread between CMS Indexes above the Strike. Allows participation in tightening of the spread.
Risks	• Does not provide a full hedge like a vanilla cap. • Upfront premium forgone if rate fixes below Strike. • Sensitivity on curve rotation in terms of steepening and flattening adds another risk on top of regular rates movement

Illustration of how the product works / Scenario analysis



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Floating Basis Cross Currency Swap (Cross Ccy Basis

Retail, Non-retail

Features and Suitability

- The Client with floating rate USD liability is looking to mitigate currency rate risk by swapping USD liability to INR liability through USD/INR currency basis swap.
- **The Client has a USD liability. The Client is exposed to USD/INR FX risk as well as USD interest risk on the liability**.
- The Client can enter into a USD to INR currency swap to hedge USD/INR FX risk and convert USD interest rate risk into a INR interest rate risk.
- The Client effectively converts its USD floating liability into a INR floating liability.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 10 Million
Expiry	5 year
USD/INR Spot	[75.00]
INR Notional	INR [750 Million]
Principal Exchange	On Effective Date: Client pays USD Notional, recs INR Notional On Maturity Date: Client pays INR Notional, recs USD Notional
Coupon payments	Client receives: Daily Compounded USD SOFR, Quarterly, A/360 on USD Notional Client pays: Daily Compounded INR Overnight MIBOR – [2.4bps], Quarterly, A/365 on INR Notional
Market Ref	SOFRRATE Index = 0.05% MIBOR Index = 3.45%

Costs & Fees

- The Client pays daily compounded INR coupon to hedge USD floating rate risk as per the illustrative Terms and Conditions above. There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

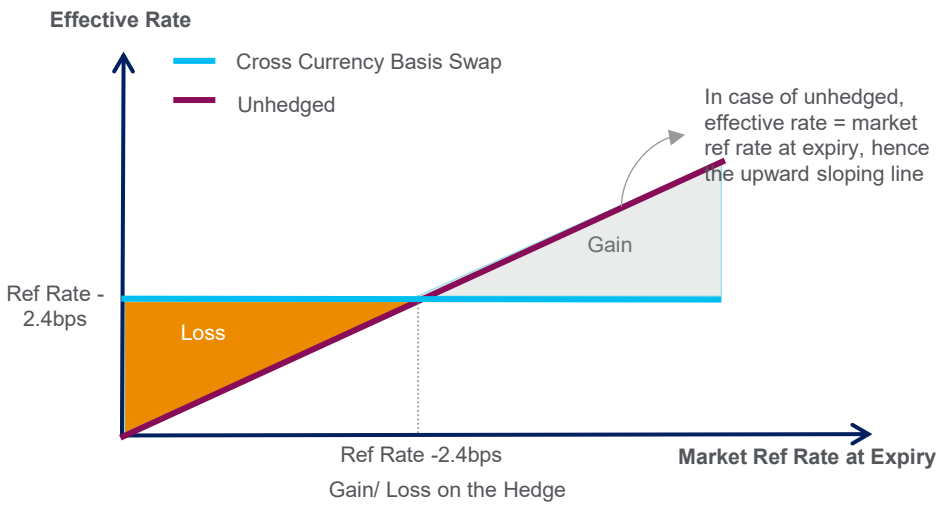
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD-INR Basis Swap:** The MTM will increase with an increase in USD-INR basis swap rates and vice-versa.

Benefits/ Risks

Benefits	• **Currency risk hedged** • **US interest rate risk hedged** and converted to INR interest rate risk
Risks	• The Clients will not be able to benefit from decrease in USD-INR basis swap rates • The Clients will not be hedged against INR interest rates movements

Illustration of how the product works / Scenario analysis



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Forward Rate Agreement

Retail, Non-retail

Features and Suitability

- **The Client buys a forward rate agreement to lock in borrowing rates on a short term basis**
- The Client has a USD liability in the future and would like to lock in forward borrowing costs today
- **Forward Rate Agreements (FRA) are cash for difference derivative contracts benchmarked against an interest rate index** such as USD SOFR
- The FRA is cash settled on the settlement date based on the difference between the prevailing floating rate and strike
- If interest rates increase, gains from the FRA can offset the increase in borrowing costs

Indicative Terms & Conditions*

Payoff Details	
Notional	USD 10 Million
Underlying Interest Rate	Daily Compounded USD SOFR
Expiry	3mx3m
Strike	[0.07%]
Payoff at settlement date	• The Client receive Present Value of USD10mio* (Spot-Strike) * A/360
Market Ref	SOFRRATE Index = 0.05%

Costs & Fees

- Payoff at settlement date for the above illustration will be as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

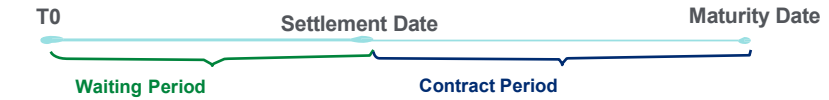
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

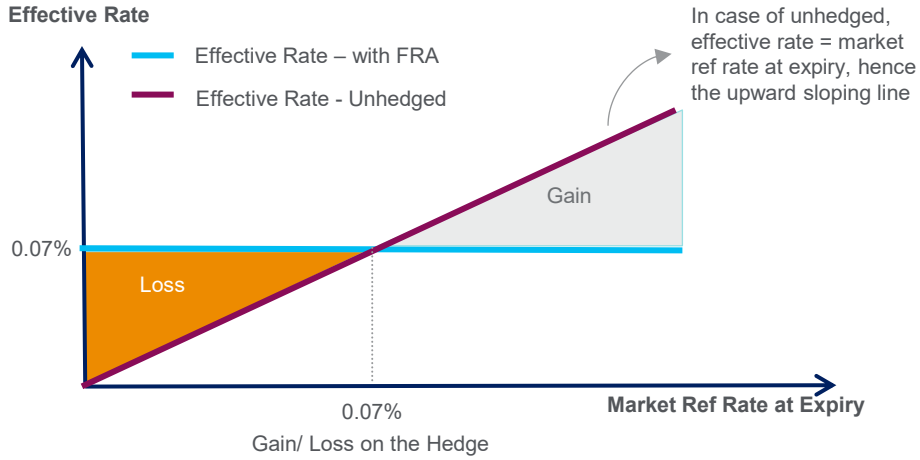
- **OIS Rate:** The MTM will increase with increase in US OIS rates and vice-versa.

Benefits/ Risks

Benefits	• The FRA allows client to be hedge its future borrowing costs against an increase in interest rates
Risks	• The Client will not be able to benefit from lower daily compounded SOFR rate

Illustration of how the product works / Scenario analysis





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Bond Forward (Physical Settlement)

Retail / Non-retail

Features and Suitability

- **The Client has fixed rate INR liabilities and wants to hedge reinvestment interest rate risk**
- The Client has an INR fixed liability on the guaranteed policies underwritten future premium inflows / reinvestment risk of income and has risk of INR interest rates moving lower
- The Client can enter into a **Bond Forward** on an India Government Bond (IGB), wherein the transaction enables the Client to lock in the price(and hence yield) for its future inflows of premium and protects its longer tenor liabilities in a scenario wherein interest rates move lower.

Indicative Terms & Conditions*

Payoff details	
Notional:	INR 1 bn
Tenor:	9 months
Reference Security:	[IGB-6.670-12/17/50 (ISIN IN0020200252)]
Forward Price:	[X]%
Client Pays:	Forward Price x Notional
Client Receives:	If Physical Settlement applies, **Physical delivery of the Reference Security** in an amount equal to the Notional If Cash Settlement applies as fallback , **Final Price x Notional**, where Final Price is the price of the Reference Security at maturity
Settlement Terms:	Physical Settlement, with Cash Settlement (as fallback if there is a disruption event impacting Physical Settlement)

Costs & Fees

- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **Price** of the Reference Security: The MTM moves in favor of the Client if the price moves higher and the MTM moves against the Client if price moves lower
- **INR OIS**: The MTM moves in favor of the Client if the OIS rate (for the applicable tenor) moves higher and the MTM moves against the Client in case the OIS rate (for the applicable tenor) moves lower

Benefits/ Risks

Benefits	• Client is hedged for INR Interest rate risk • A Bond Forward Rate ensures certainty of price to the • client
Risks	• Client will not be able to benefit from a decrease in price of the of the underlying IGB

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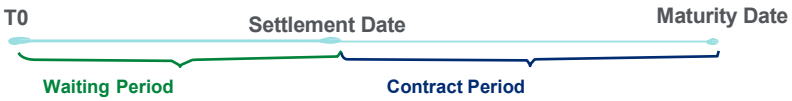
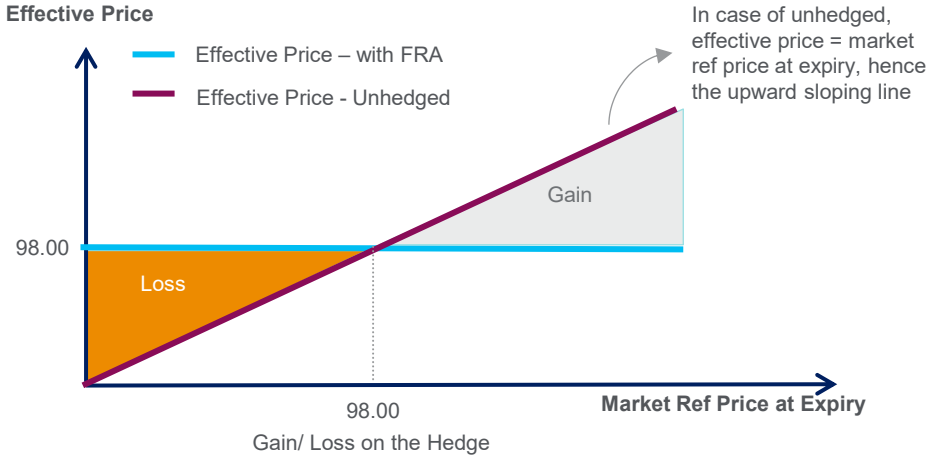
Bond Forward (Physical Settlement)

Retail / Non-retail

Illustration of how the product works / Scenario analysis





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INR Forward Rate Agreement

Retail, Non-retail

Features and Suitability

- **The Client has fixed rate INR liabilities and wants to Hedge reinvestment interest rate risk by entering into pay fixed Forward Rate agreement**
- The Client has an INR fixed liability on the guaranteed policies underwritten future premium inflows / reinvestment risk of income and has risk of INR interest rates moving lower
- The Client can enter into a pay fixed Forward rate agreement linked to specific yield of INR GOI benchmark to hedge the interest rate risk
- The underlying structure enables the Client to lock the yield today for its future inflows of premium and protects its longer tenor liabilities in a scenario wherein interest rates move lower.

Indicative Terms & Conditions*

Payoff Details	
INR Notional	INR 1 billion
Tenor	9 months
Reference Security	[IGB-6.670-12/17/50 (ISIN IN0020200252)]
Client receives	Present Value of Reference Security at yield equivalent to Floating Rate (for Notional Amount/100) as calculated by the Calculation Agent on Maturity Date
Client pays	[7.0221%, Present Value of Reference Security at yield equivalent to Fixed Rate (for notional equivalent to Notional Amount/100) on Maturity Date]
Settlement payoff	Client pays or receives the net difference between the payoff settlements at Maturity Date.
Market Ref (current Yield)	[IGB-6.670-12/17/50 = 6.8772%]

Costs & Fees

- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

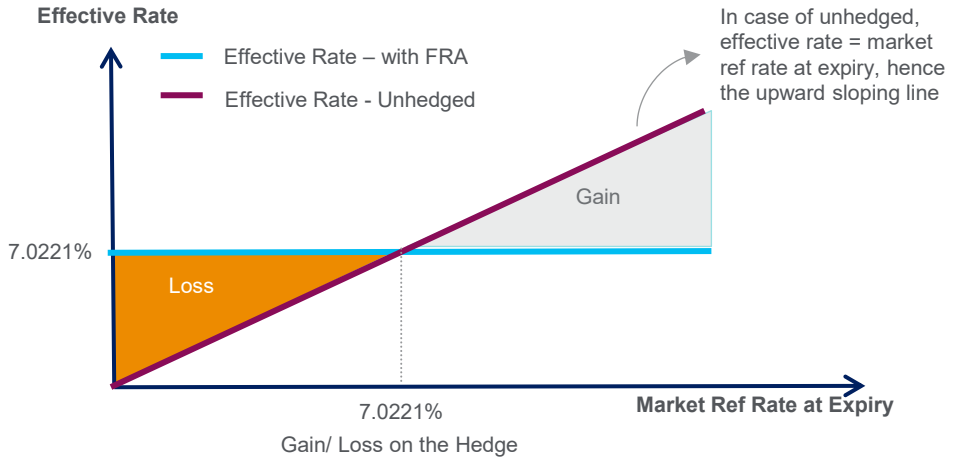
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **Yield of the Reference Security:** The MTM moves in favor of the Client if the yield moves lower and the MTM moves against the Client if yield moves higher.
- **INR OIS:** The MTM moves in favor of the Client if the OIS rate (for the applicable tenor) moves higher and the MTM moves against the Client in case the OIS rate (for the applicable tenor) moves lower

Benefits/ Risks

Benefits	• Client is hedged for INR Interest rate risk. • Forward Rate agreement ensures certainty of yield to the client
Risks	• Client will not be able to benefit from rise in yield of INR GOI

Illustration of how the product works / Scenario analysis



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INR Forward Rate Agreement (Reverse)

Retail, Non-retail

Features and Suitability

- **The Client has a portfolio of Government of India Security and would like to hedge against adverse movement in interest rate.**
- The Client can enter into a reverse side of Forward rate agreement linked to specific yield of INR GOI benchmark to hedge the interest rate risk
- The underlying structure enables the Client to lock the yield today for its G-secs and protects its longer tenor asset in a scenario wherein interest rates move higher.

Indicative Terms & Conditions*

Payoff Details	
INR Notional	INR 1 billion
Tenor	9 months
Reference Security	[IGB-6.670-12/17/50 (ISIN IN0020200252)]
Client pays	Present Value of Reference Security at yield equivalent to Floating Rate (for Notional Amount/100) as calculated by the Calculation Agent on Maturity Date
Client receives	[7.31%, Present Value of Reference Security at yield equivalent to Fixed Rate (for notional equivalent to Notional Amount/100) on Maturity Date]
Settlement payoff	Client pays or receives the net difference between the payoff settlements at Maturity Date.
Market Ref (current Yield)	[IGB-6.670-12/17/50 = 6.8772%]

Costs & Fees

- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

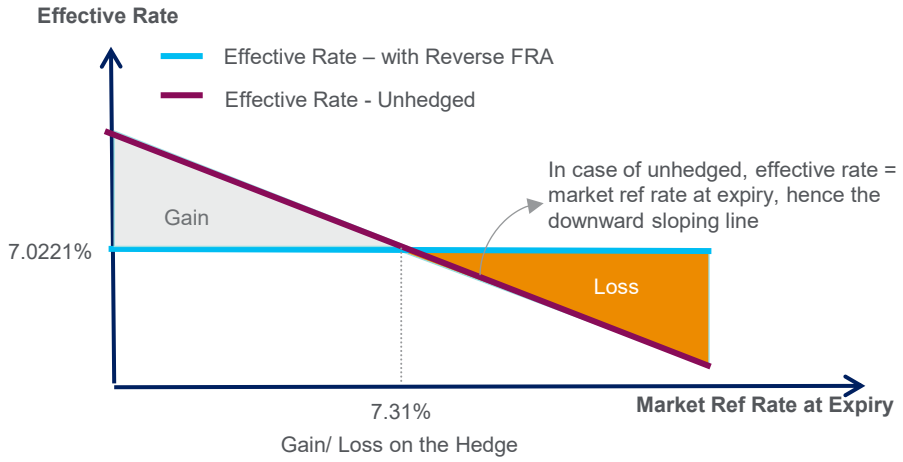
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **Yield of the Reference Security:** The MTM moves in favor of the Client if the yield moves higher and the MTM moves against the Client if yield moves lower.
- **INR OIS:** The MTM moves in favor of the Client if the OIS rate (for the applicable tenor) moves lower and the MTM moves against the Client in case the OIS rate (for the applicable tenor) moves higher.

Benefits/ Risks

Benefits	• Client is hedged for INR Interest rate risk on existing assets. • Forward Rate agreement ensures certainty of yield to the client on existing assets.
Risks	• Client will not be able to benefit from lower yield of INR GOI

Illustration of how the product works / Scenario analysis



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Interest Rate Cap (Cap/Floor (Libor/MM/OIS) – Vanilla)

Retail, Non-retail

Features and Suitability

- **The Client buys Interest Rate Cap, in order to cap the floating rate liability at Strike.**
- The Client has floating rate liability (eg loan / ECB) and wants to hedge against rising interest rates.
- **A Cap is a series of consecutive caplets that act as a Call option on a floating index**, eg Daily Compounded USD SOFR.
- If interest rate fixes above the Strike, the Client gets a payoff under the Cap, which offsets the increase in borrowing costs on the loan.
- If interest rate fixes below the Strike, the Cap expires and the Client receives nothing, but pays a lower rate on the underlying liability.

Indicative Terms & Conditions*

Payoff Details	
Notional	USD 10 Million
Underlying Interest Rate	Daily Compounded USD SOFR
Expiry	5 years
Strike	[1.09%] (5Y swap rate)
Option Premium	[281] bps, USD [281k] (upfront)
Payoff profile at each quarter (per caplet)	• If Spot > Strike, client receives (Daily Compounded USD SOFR – Strike) * USD10 Mio * A/360 • If Spot =< Strike, the Client receives nothing.
Market Ref	SOFRRATE Index = 0.05% US 5Y IRS: 1.09%

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

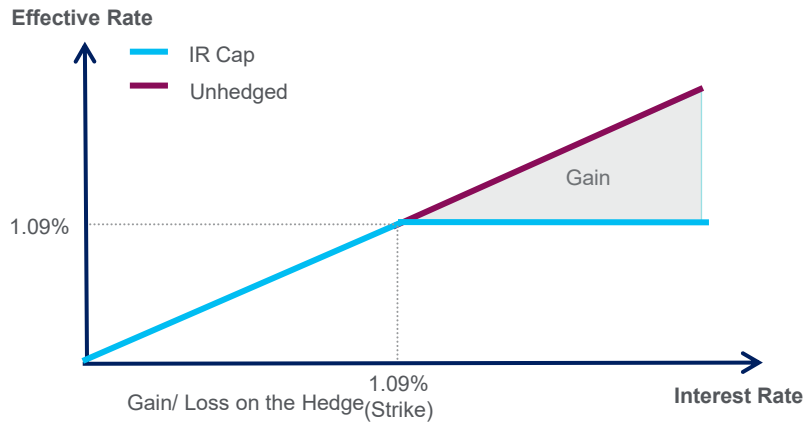
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **Swap Rates:** The MTM will increase with increase in swap rates and vice-versa.
- **Interest Rate Volatility:** The MTM will increase if interest rate volatility increases and vice-versa.

Benefits/ Risks

Benefits	• The Cap allows the Client to be fully hedged when rates increase above the Strike, and also allows participation when rates decrease below Strike.
Risks	• The maximum loss on the cap is the premium paid upfront.

Illustration of how the product works / Scenario analysis



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Interest Rate Cap (Libor in Arrears)

Retail, Non-retail

Features and Suitability

- **The Client buys Interest Rate Cap, in order to cap the floating rate liability at Strike.**
- The Client has floating rate liability (eg loan / ECB) and wants to hedge against rising interest rates.
- **A Cap is a series of consecutive caplets that act as a Call option on a floating index such as USD Libor**
- The Libor fixing of each caplet is observed at the end of each quarterly period rather than the start
- If interest rate fixes above the Strike, the Client gets a payoff under the Cap, which offsets the increase in borrowing costs on the loan.

Indicative Terms & Conditions*

Payoff Details	
Notional	USD 10 Million
Underlying Interest Rate	USD 3m Libor
Expiry	5 years
Strike	[1.37%] (5Y swap rate)
Option Premium	[281] bps, USD [281k] (upfront)
Payoff profile at each quarter (per caplet)	• If Spot > Strike, client receives (USD 3m Libor – Strike) * USD10 Mio * A/360 • If Spot =< Strike, client receives nothing.
Market Ref	SOFRRATE Index = 0.05% US 5Y IRS: 1.37%

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

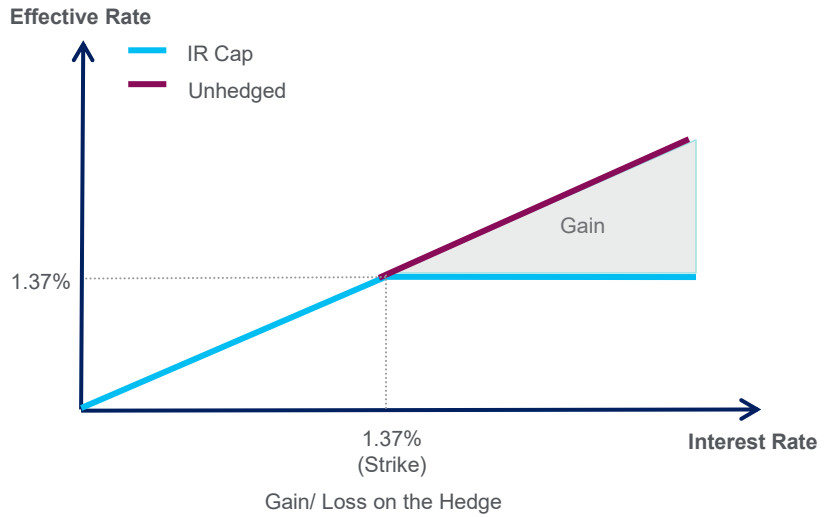
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **Swap Rates:** The MTM will increase with increase in swap rates and vice-versa.
- **Interest Rate Volatility:** The MTM will increase if interest rate volatility increases and vice-versa.

Benefits/ Risks

Benefits	• The Cap allows the Client to be fully hedged when rates increase above the Strike, and also allows participation when rates decrease below Strike.
Risks	• The maximum loss on the cap is the premium paid upfront.

Illustration of how the product works / Scenario analysis



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Interest Rate Cap (Sold)

Retail, Non-retail

Features and Suitability

- **The Client sells Interest Rate Cap to monetize their assets.**
- The Client has **floating rate asset** and wants to Cap the maximum upside in lieu of cash in the scenario that interest rates rise.
- **A Cap is a series of consecutive caplets that act as a Call option on a floating index**, eg Daily Compounded USD SOFR.
- If interest rate fixes above the Strike, the Client pays a payoff under the Cap, and therefore gives up the extra upside of the asset.
- If interest rate fixes below the Strike, the Cap expires worthless and the Client pays nothing, but has already earnt the premium.

Indicative Terms & Conditions*

Payoff Details	
Notional	USD 10 Million
Underlying Interest Rate	Daily Compounded USD SOFR
Expiry	5 years
Strike	[1.09%] (5Y swap rate)
Option Premium	[251] bps, USD [251k] (upfront)
Payoff profile at each quarter (per caplet)	• If Spot > Strike, client pays (Daily Compounded USD SOFR – Strike) * USD10 Mio * A/360 • If Spot =< Strike, the Client pays nothing.
Market Ref	SOFRRATE Index = 0.05% US 5Y IRS: 1.09%

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above accrues to the client, so is not a cost. Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

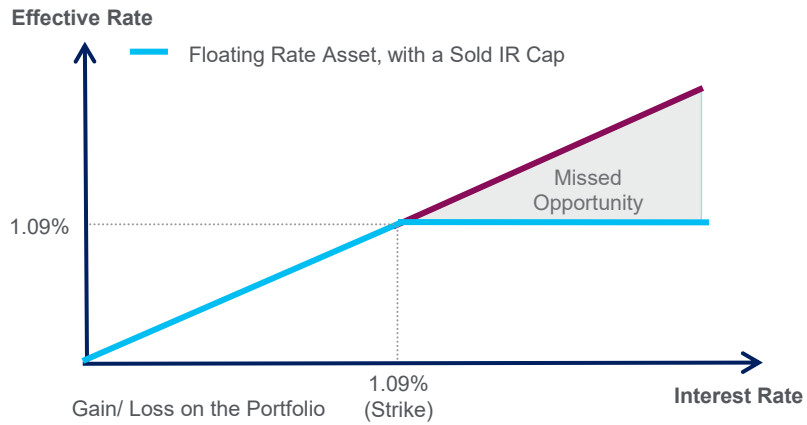
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **Swap Rates:** The MTM will decrease (become more -ve) with increase in swap rates and vice-versa.
- **Interest Rate Volatility:** The MTM of the Cap will decrease (become more -ve) if interest rate volatility increases and vice-versa.

Benefits/ Risks

Benefits	• The Cap benefits the Client to as long as the rate remains below the Strike, while still receiving upfront premium.
Risks	• If rates increase above the Strike, the client loses any further participation (missed opportunity)

Illustration of how the product works / Scenario analysis



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Interest Rate CMS Swap (Constant Maturity Swap)

Retail, Non-retail

Features and Suitability

- **The Client has USD liability linked to CMS Index and would like to hedge against interest rate risk**
- The Client has a USD liability linked to CMS Index and is exposed to rate fluctuations
- The Client can enter into a CMS Swap to receive a coupon linked to the CMS Index and pay fixed coupon, thereby hedging the interest rate risk

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 10 Million
Expiry	5 years
Client receives	CMS5, Semi-Annually, A/360 on USD Notional
Client pays	[1.74%], Semi-Annually, A/360 on USD Notional
Market Ref	CMS5 = 1.31%

Costs & Fees

- Client pays USD fixed rate coupon to hedge USD floating rate risk as per the illustrative Terms and Conditions above.
- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

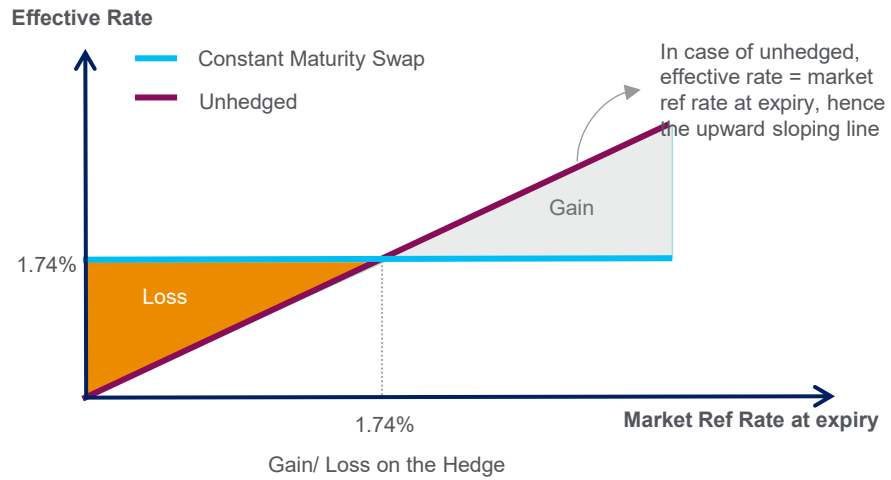
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **CMS Rates:** The MTM will increase with increase in CMS rates and vice-versa.

Benefits/ Risks

Benefits	• **The Client is hedged for CMS rate risk.** • Interest rate swap ensures certainty of interest cost & cash outflow for the Client.
Risks	• The Client will not be able to benefit from lower CMS fixings.

Illustration of how the product works / Scenario analysis



Gain/ Loss on the Hedge

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Interest Rate Swap (Vanilla)

Retail, Non-retail

Features and Suitability

- **The Client has floating rate USD loan and looking to mitigate interest rate risk by entering into floating to fixed interest rate swap.**
- The Client has a USD liability and is exposed to USD interest risk on the liability.
- The Client can enter into a USD floating to fixed interest rate swap to hedge USD Interest rate risk.

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 10 Million
Expiry	5 years
Client receives	Daily Compounded USD SOFR, Quarterly, A/360 on USD Notional
Client pays	USD [1.09%], Quarterly, A/360 on USD Notional
Market Ref	SOFRRATE Index = 0.05%

Costs & Fees

- Client pays USD fixed rate coupon to hedge USD floating rate risk as per the illustrative Terms and Conditions above.
- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

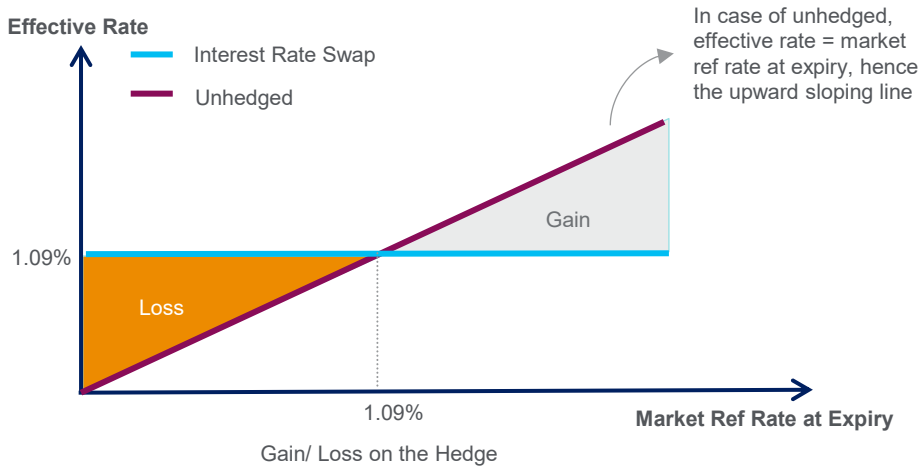
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **US Swap Rates:** The MTM will increase with increase in US swap rates and vice-versa.

Benefits/ Risks

Benefits	• **The Client is hedged for USD Interest rate risk.** • Interest rate swap ensures certainty of interest cost & cash outflow for the Client.
Risks	• The Client will not be able to benefit from lower daily compounded SOFR rate

Illustration of how the product works / Scenario analysis



Gain/ Loss on the Hedge

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INR Interest Rate Swap

Retail, Non-retail

Features and Suitability

- **The Client has floating rate INR loan and looking to mitigate interest rate risk by entering into floating to fixed interest rate swap**.
- The Client has a INR liability and is exposed to INR interest risk on the liability.
- The Client can enter into an INR floating to fixed interest rate swap to hedge INR Interest rate risk.

Indicative Terms & Conditions*

Payoff Details	
INR Notional	INR 250 Million
Expiry	5 years
Client receives	MIBOR, Daily Compounded, Semi-Annual, A/365 (F)
Client pays	[INR 5.35%, Semi-Annual, A/365 (F)]
Market Ref	MIBOR

Costs & Fees

- Client pays INR fixed rate coupon to hedge INR floating rate risk as per the illustrative Terms and Conditions above.
- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

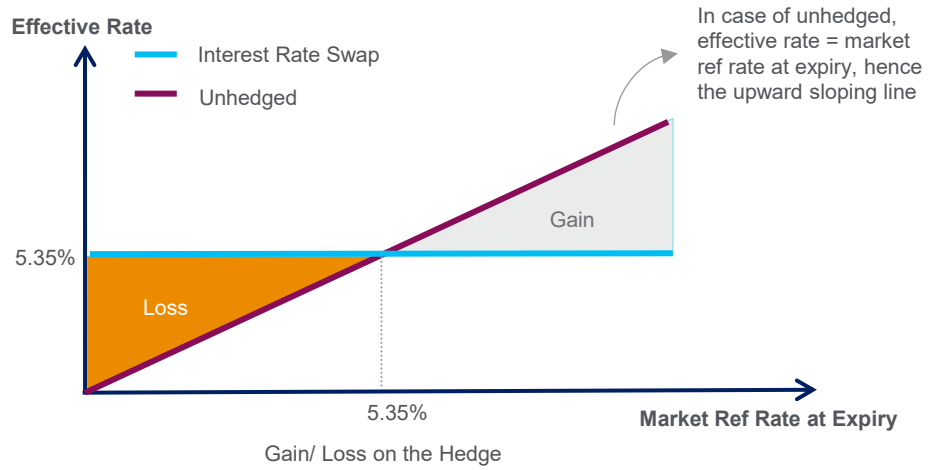
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **OIS rates:** The MTM will increase with increase in INR swap rates and vice-versa.

Benefits/ Risks

Benefits	• **Client is hedged for INR Interest rate risk.** • Interest rate swap ensures certainty of interest cost & cash outflow for the Client.
Risks	• Client will not be able to benefit from lower daily compounded OIS rate

Illustration of how the product works / Scenario analysis



Gain/ Loss on the Hedge

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Interest Rate Swap with Compounding

Retail, Non-retail

Features and Suitability

- **The Client issues a zero-coupon bond and would like to hedge the interest rate risk**
- The Client can enter into a USD floating to fixed interest rate swap to pay floating coupons on a compounded notional and receive a fixed coupon at maturity (one time payment)
- The Client can enter into a USD floating to fixed interest rate swap to pay fixed coupon at maturity (one time payment) and receive floating coupons on a compounded notional

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 10 Million, Compounded at [1.15%] annually
Expiry	5 years
Client receives	Daily Compounded USD SOFR, Quarterly, A/360 on USD Notional
Client pays	USD [1.15%] (p.a.), compounded, paid one time at maturity, A/360 on USD Notional
Market Ref	SOFRRATE Index = 0.05%

Costs & Fees

- Client pays USD fixed rate coupon to hedge USD floating rate risk as per the illustrative Terms and Conditions above.
- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

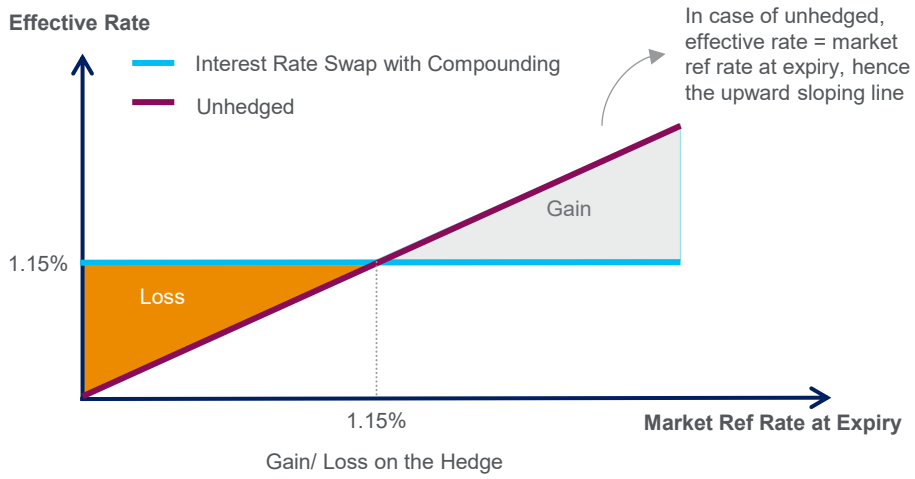
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **US Swap Rates:** The MTM will increase with increase in US swap rates and vice-versa.

Benefits/ Risks

Benefits	• **The Client is hedged for USD Interest rate risk on the zero coupon bond issuance** • Interest rate swap ensures certainty of interest cost & cash outflow for the Client.
Risks	• The Client will not be able to benefit from lower daily compounded SOFR rate

Illustration of how the product works / Scenario analysis



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Interest Ratae Swap – Vanilla Principal Only Swap (POS)

Non-retail

Features and Suitability

- The Client has a foreign currency (e.g. USD) liability and would like to enter into a USD to INR principal-only currency swap to synthetically transform its USD liability to INR one. **This helps hedge the USD/INR foreign exchange risk on the principal repayment of the liability at the time of maturity.**
- The Client has a FCY liability and would want to synthetically convert the principal component on the same into an INR one. In POS, the FX Rate governing the INR Notional for the FCY Notional is determined at the outset of the trade.
- At the inception, the Client exchanges the FCY Notional and receives the INR Notional and at the maturity of the trade, the INR Notional is exchanged again for the FCY Notional (the latter helping Client pay its underlying liability)
- Additionally, the Client also pays a Fixed Rate/ Floating Rate Coupon as per the illustrative Terms & Conditions below

Indicative Terms & Conditions*

Payoff Details	
INR Notional	INR [3,990 Million]
Expiry	4 years
USD Notional	USD 50 Million
USDINR FX Rate	[79.8000]
The Client pays	MIBOR, Daily Compounded, Semi-Annual, A/365 (F) – [300bps]
Market Ref	INR MIBOR OIS Compound

Costs & Fees

- In the above case, on the day of interest payment, the Client pays coupon calculated on INR Notional as per the illustrative T&C above.
- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

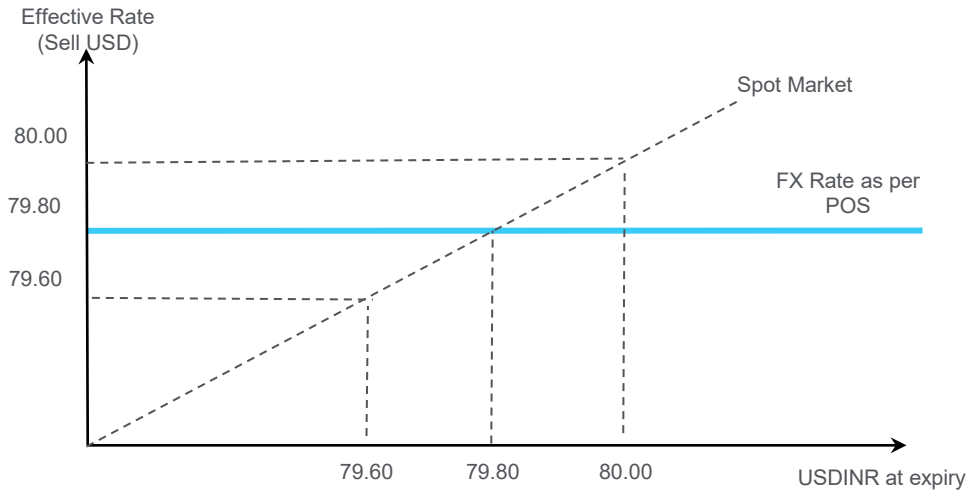
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **MIBOR:** The MTM of the Transaction will move in favor of the Client if MIBOR moves lower and vice versa.
- **USDINR FX Rate:** The MTM of the Transaction will move in favor of the Client if USD appreciates against INR and vice versa

Benefits/ Risks

Benefits	• **The Client is hedged for USDINR risk on the principal repayment**
Risks	• The Client will not be able to benefit from USD deprecation against INR • The Client isn't hedged for FX risk on interest payments • The Client is exposed to higher coupon payments incase of increase of MIBOR levels

Illustration of how the product works / Scenario analysis



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Interest Rate Swap – Vanilla Coupon Only Swap (COS)

Non-retail

Features and Suitability

- The Client has a USD liability and would like to enter in a receive USD Float pay INR Float coupon only swap to **hedge the USD/INR FX risk and USD Interest Rate risk on the interest coupons on the liability.**
- The Transaction is a coupon only swap where the Client receives a USD floating rate coupon and pays a INR floating rate coupon.
- The USD coupon received on the coupon only swap will help offset the USD coupon by the Client on its liability, therefore converting the USD floating rate payments on the liability into an INR floating rate payments.

Indicative Terms & Conditions*

Payoff Details	
INR Notional	INR [3,000 Million]
Expiry	5 years
USD Notional	USD 40 Million
USDINR FX Rate	[75.00]
The Client recs	USD-SOFR-OIS Compound (as defined below) + [1.65%] p.a, Monthly, A/360
The Client pays	1M OIS – [1.55%] p.a, Monthly, A/365
Market Ref	USD-SOFR-OIS Compound, 1M OIS

Costs & Fees

- In the above case, on the day of interest payment, the Client pays coupon calculated on INR Notional and receives coupon calculated on USD Notional as per the illustrative Terms and Conditions above.
- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD SOFR OIS Compound:** The MTM of the Transaction will move in favor of the Client if USD-SOFR OIS Compound increases and vice versa
- **1M OIS:** The MTM of the Transaction will move in favor of the Client if 1M OIS decreases and vice versa
- **USDINR:** the MTM of the Transaction would also move in favor of the Client if USD appreciates against INR and vice versa. Though it would be to a much less extent than a full cross currency swap

Benefits/ Risks

Benefits	• **The Client is hedged for USD Interest rate risk.**
Risks	• The Client will not be able to benefit from lower fixings of USD SOFR OIS rates

Illustration of how the product works / Scenario analysis

			Average 1M OIS Rate				
			4.00%	4.50%	5.00%	5.50%	6.00%
		Adjusted for Spread	2.45%	2.95%	3.45%	3.95%	4.45%
USD SOFR OIS Compound	1.60%	3.25%	0.80%	0.30%	-0.20%	-0.70%	-1.20%
	1.70%	3.35%	0.90%	0.40%	-0.10%	-0.60%	-1.10%
	1.80%	3.45%	1.00%	0.50%	0.00%	-0.50%	-1.00%
	1.90%	3.55%	1.10%	0.60%	0.10%	-0.40%	-0.90%
	2.00%	3.65%	1.20%	0.70%	0.20%	-0.30%	-0.80%

We assume an USD/INR FX Rate = 75.00

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Interest Rate Swap (Vanilla) [T-Bill Swap]

Retail, Non-retail

Features and Suitability

- **The Client has floating rate INR loan linked to fixings of yield on Government of India Treasury Bills and looking to mitigate interest rate risk** by entering into floating to fixed interest rate swap.
- The Client has an INR liability, the coupons of which, are linked to the fixings of the yield on Government of India (GoI) Treasury Bills. The liability is thus exposed to INR interest risk associated with yield on Treasury Bills.
- The Client can enter into an INR floating to fixed interest rate swap to hedge the interest rate risk on the liability.

Indicative Terms & Conditions*

Payoff Details	
INR Notional	INR 100 Million
Expiry	5 years
The Client receives	[3/6]m T-Bill, Quarterly, A/365
The Client pays	INR [5.80%], Quarterly, A/365
Market Ref	The Floating Rate as available in the Reuters dissemination page INTBILL=FBIL at Business Day immediately prior to each Floating Rate Reset Date.

Costs & Fees

- The Client pays INR fixed rate coupon to hedge INR floating rate risk associated with GoI Treasury yields as per the illustrative Terms and Conditions above.
- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

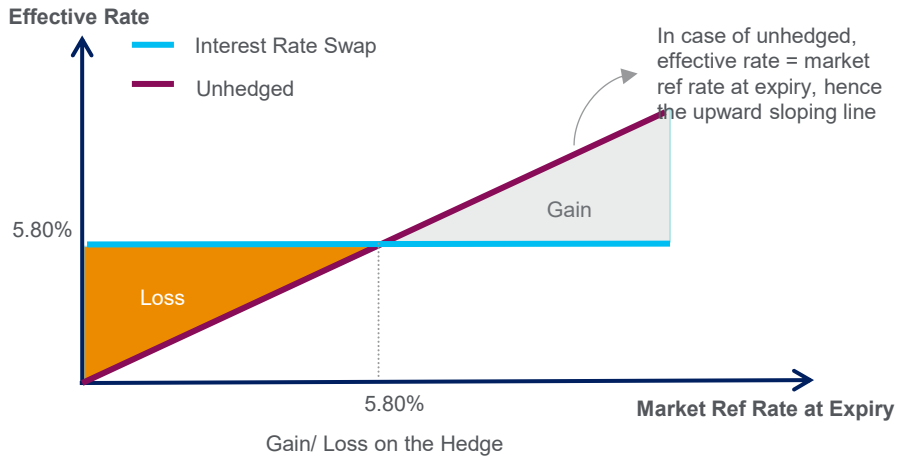
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **INR T-Bill rates:** The MTM will increase with an increase in INR T-Bill rates and vice-versa.

Benefits/ Risks

Benefits	• **The Client is hedged for INR Interest rate risk associated with fixings of the yield on GoI Treasury Bills.** • Interest rate swap ensures certainty of interest cost & cash outflow for the Client.
Risks	• The Client will not be able to benefit from lower fixings of the yield on GoI Treasury Bills.

Illustration of how the product works / Scenario analysis



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Interest Rate Swap (Vanilla) [T-Bill Swap]

Retail, Non-retail

Features and Suitability

- **The Client has floating rate INR amortizing liability** and **would want to hedge the interest rate exposure** on the same by entering into a floating to fixed rate swap **with a mirroring amortizing schedule to ensure effective hedge.**
- The Client has an INR amortizing floating rate liability and would like to hedge by entering into a floating to fixed rate swap, the notional of which mirrors the amortization schedule on the liability.
- The floating rate payments received on the swap offset the floating rate interest payments on the underlying liability thus converting the floating rate liability into a fixed rate one.

Indicative Terms & Conditions*

Payoff Details	
INR Notional	INR 100 Million Amortized equally over 20 periods with amortized notional for each period being equal to [INR 5 Million]
Expiry	5 years
The Client receives	[3/6]m T-Bill, Quarterly, A/365
The Client pays	INR [5.80%], Quarterly, A/365
Market Ref	The Floating Rate as available in the Reuters dissemination page INTBILL=FBIL at Business Day immediately prior to each Floating Rate Reset Date.

Costs & Fees

- The Client pays INR fixed rate coupon to hedge INR floating rate risk associated with GoI Treasury yields as per the illustrative Terms and Conditions above.
- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

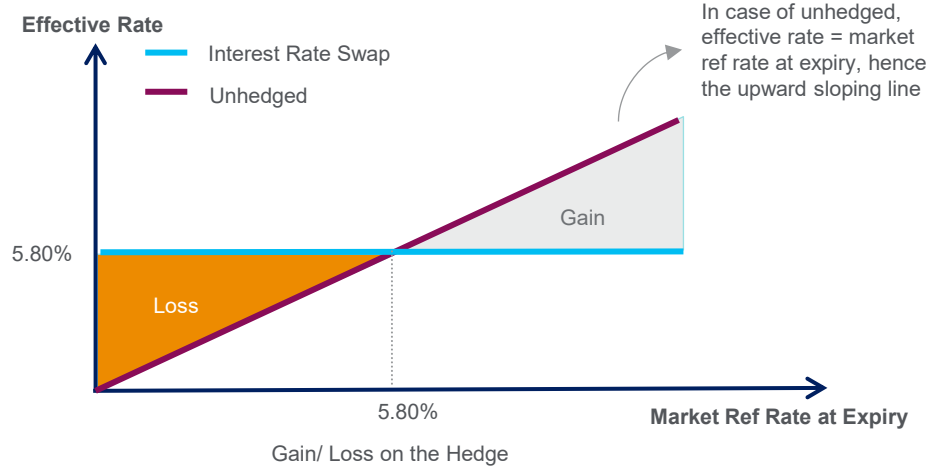
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **INR T-Bill rates:** The MTM will increase with an increase in INR T-Bill rates and vice-versa.

Benefits/ Risks

Benefits	• **The Client is hedged for INR Interest rate risk associated with fixings of the yield on GoI Treasury Bills .** • Interest rate swap ensures certainty of interest cost & cash outflow for the Client.
Risks	• The Client will not be able to benefit from lower fixings of the yield on GoI Treasury Bills.

Illustration of how the product works / Scenario analysis



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INR Swaption

Non-retail

Features and Suitability

- **INR Swaption gives Client the right but not the obligation to enter into a swap on a specific date at specified Strike.**
- An INR Swaption is an Option of specified Expiry, to enter into a Pay Fixed / Receive Float Swap, with specified Start Date, Tenor & Strike.
- Client has a bond portfolio or floating rate liability and would like to hedge against rising

Indicative Terms & Conditions*

Payoff details	
Notional	INR 50 Million
Index	Overnight MIBOR, (Compounded Daily, payment in arrears)
Expiry / Tenor	1Y expiry, 5Y Tenor
Strike	[6.00%]
Option Premium	[INR 750K]
Payoff	• At T+1y, Client has the option to enter an INR Pay Fixed [6.00%], receive Daily Compounded MIBOR, SA (A/365, adj) • If option is exercised, payoff is equivalent to a pay fixed IRS.
Market Ref	Overnight MIBOR (Compounded Daily, payment in arrears)

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above.
- Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

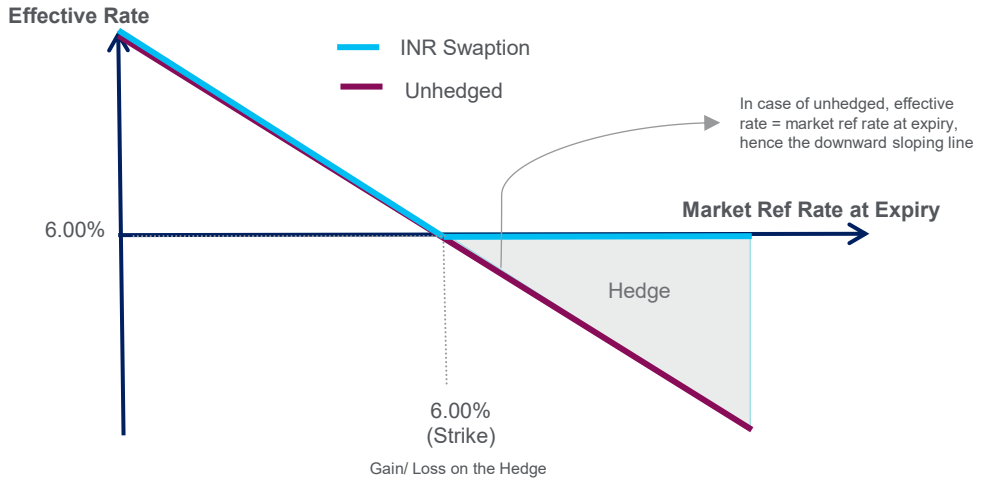
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **INR swap rates:** The MTM will increase with increase in INR swap rates and vice-versa.
- **INR Interest rate volatility:** The MTM will increase if interest rate volatility increases and vice-versa.

Benefits/ Risks

Benefits	• **Swaption allows client to be hedged when rates increase above Strike.** • Allows participation should rates move lower.
Risks	• The maximum loss on the swaption is the premium paid upfront.

Illustration of how the product works / Scenario analysis



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INR Swaption (Sold)

Non-retail

Features and Suitability

- **In a Sold Swaption, the Client grants the right to the counterparty to enter into a swap on a specific Date at specified Strike.**
- The Client has an interest rate exposure, due to an asset or a liability, which could be fixed or floating, and they want to hedge by entering into an Interest Rate Swap (Payer or Receiver, as appropriate) but can cheapen the hedge-cost by selling an Option to the counterparty Bank.

Indicative Terms & Conditions*

Payoff details	
Notional	INR 50 Million
Index	Overnight MIBOR, (Compounded Daily, payment in arrears)
Expiry / Tenor	1Y expiry, 5Y Tenor
Strike	[6.00%]
Option Premium	[INR 500K]
Payoff	• At T+1y, the Bank has the option to enter an INR Swap Fixed [6.00%] vs float Daily Compounded MIBOR, SA (A/365, adj) • If option is exercised, payoff is equivalent to an IRS.
Market Ref	Overnight MIBOR (Compounded Daily, payment in arrears)

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above accrues to the client, so is not a Cost.
- Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

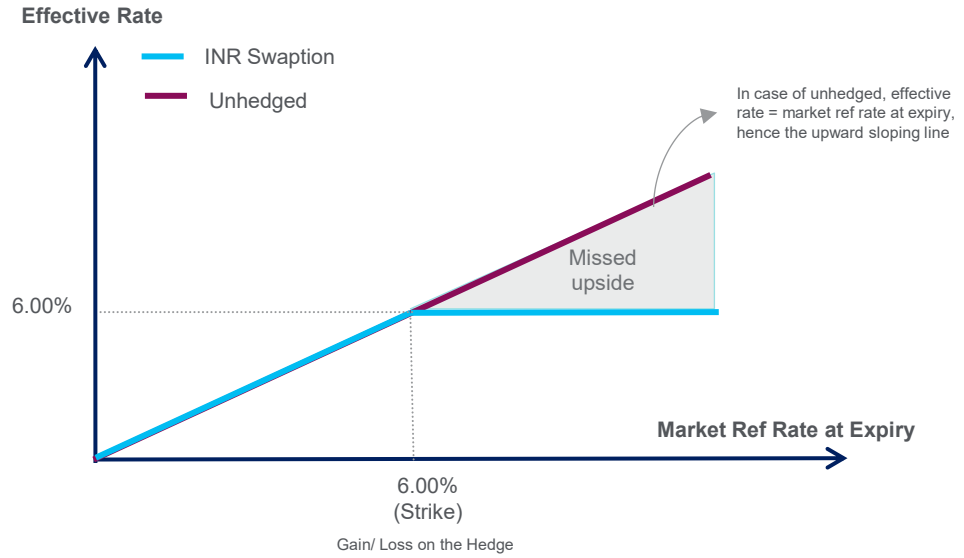
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **INR swap rates:** The MTM will decrease (become more -ve) with increase in INR swap rates and vice-versa.
- **INR Interest rate volatility:** The MTM will decrease (become more -ve) if interest rate volatility increases and vice-versa.

Benefits/ Risks

Benefits	• **Swaption allows client to cheapen the hedge cost as long as the rate remains below the Strike.** • Allows participation should rates move lower.
Risks	• If rates increase above the Strike, the client loses any further participation (missed opportunity).

Illustration of how the product works / Scenario analysis



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FCY Settled – Rupee Overnight Indexed Swap (FCS-OIS)

Non-retail

Features and Suitability

- The Client would enter into an OIS trade either to hedge its underlying position in assets/ liabilities linked to MIBOR or express view in accordance with RBI circular**. In FCS OIS, the settlement currency will be any currency other than INR.

Features (for Hedging)

- The Client has exposure to INR Rates / overnight MIBOR and is therefore exposed to adverse movement in INR Rates. Client can enter FCS-OIS and the cash flow from the instrument will in effect nullify the cash flow due on the underlying exposure. The settlement will be in a currency other than INR.

Features (Other than hedging)

- In accordance with RBI Circular**, the Client (Non-Residents other than individuals) can enter into FCS-OIS directly with market-maker for purposes other than hedging.

Indicative Terms & Conditions*

Payoff Details	
INR Notional	INR 250 Million
Expiry	2 years
The Client receives	MIBOR, Daily Compounded, Semi-Annual, A/365 (F)
The Client pays	INR [6.6725%], Semi-Annual, A/365 (F)
Market Ref	INR MIBOR OIS Compound
Settlement Currency	USD

Costs & Fees

- In the above case, on the day of interest payment, the Client net settles the difference between Fixed Rate and Floating Rate Payment in USD either to/from Citibank as per the illustrative T&C above.
- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **OIS Rates:** For the indicative trade mentioned here, The MTM will increase with increase in INR swap rates and vice-versa.
- **USDINR FX Rate:** If the payment is due from (to) the Client to (from) Citibank on the payment date, a depreciating INR will have a positive (negative) MTM on the client and vice versa.

Benefits/ Risks

Benefits	• **The Client is hedged for INR Interest rate risk.** • Interest rate swap ensures certainty of interest cost & cash outflow for the Client.
Risks	• The Client will not be able to benefit from lower daily compounded OIS rate

Illustration of how the product works / Scenario analysis

Average MIBOR for the coupon	4.6725%	5.6725%	6.6725%	7.6725%	8.6725%
Client receives under the Swap	4.6725%	5.6725%	6.6725%	7.6725%	8.6725%
Client pays under the Swap	6.6725%	6.6725%	6.6725%	6.6725%	6.6725%
USD-INR FX Rate at the time of settlement					
66.0000	-0.0303%	-0.0152%	0.0000%	0.0152%	0.0303%
69.0000	-0.0290%	-0.0145%	0.0000%	0.0145%	0.0290%
72.0000	-0.0278%	-0.0139%	0.0000%	0.0139%	0.0278%
ATMF - 75.0000	-0.0267%	-0.0133%	0.0000%	0.0133%	0.0267%
78.0000	-0.0256%	-0.0128%	0.0000%	0.0128%	0.0256%
81.0000	-0.0247%	-0.0123%	0.0000%	0.0123%	0.0247%
84.0000	-0.0238%	-0.0119%	0.0000%	0.0119%	0.0238%

** FMRD.DIRD.19/14.03.046/2018-19 dated June 26, 2019 and updated as on February 10, 2022 Non-resident Participation in Rupee Interest Rate Derivatives Markets (Reserve Bank) Directions, 2019

* The terms and conditions as agreed in the ISDA Master Agreement (along with Credit Support Annex and Credit Support Document if any) as applicable and executed by the client and the transaction specific term sheet if any and the transaction confirmation shall apply. The commercial terms and conditions including pay off is illustrative and will vary depending on the specific conditions of the trade when entered, such terms and conditions will be as agreed over electronic platforms/ voice/ term sheets and confirmation.

Range Accrual

Non-retail

Features and Suitability

- **Range Accrual accrues coupon periodically based on market factors. It can be used to cheapen the cost of liability hedging**.
- In this structure, the interest rate on one leg will only accrue if the underlying index trades or fixes within the specified range.
- The Client can enter into the range accrual as a cost saving product, and can also use it as an access product to hedge against the long end of the curves or against steepening/flattening of the yield curve.
- Underlying index is customizable, examples include spreads such as CMS30-2 and CMS10-2

Indicative Terms & Conditions*

Payoff details	
Notional	USD 10 Million
Expiry	5 years
Range	US CMS2 < [1.80%]
The Client Pays	[0.37%] p.a.
The Client Receives	[1.00%] * n/N p.a.
Underlying Index	US CMS2
n	Number of calendar days where US CMS2 ≤ [1.80%]
N	Number of calendar days in Observation Period
Market Ref	US CMS2 spot: 0.856%

Costs & Fees

- The Client pays USD fixed rate coupon to cheapen cost of liability hedging as per the illustrative Terms and Conditions above.
- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

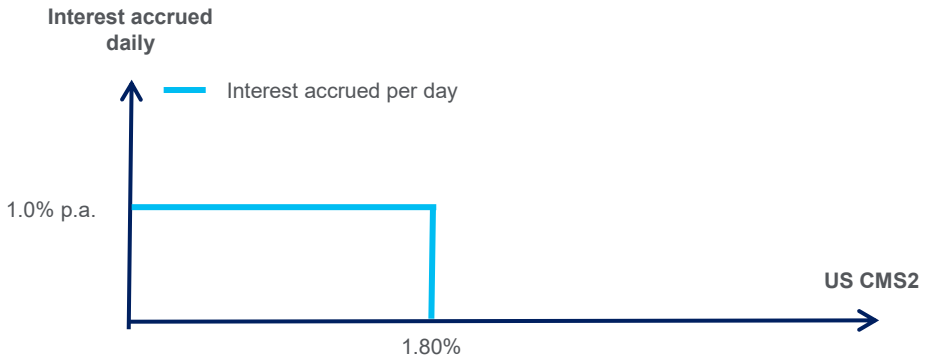
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **CMS Rates:** MTM will decrease with increase in CMS rate and vice-versa.
- **US Interest Rate Volatility:** MTM will decrease if interest rate volatility increases and vice-versa.

Benefits/ Risks

Benefits	• **Helps the Client cheapen the cost of liability hedging.** • The Client can customize Strikes/ underlyings to match risk/return objective.
Risks	• The Client will not accrue interest for each day when Underlying Index sets outside the specified range. • The Client may end up paying a rate higher than the effective interest received.

Illustration of how the product works / Scenario analysis



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Structured Interest Rate Swap

Non-retail

Features and Suitability

- **This Transaction is a structured rupee interest rate swap based on combination of swaps providing a risk hedging solution linked to the price of the underlying G-Secs and Overnight Indexed Swap of Overnight MIBOR/ INR-MIBOR OIS Compound ("O/N MIBOR").**
- The Client will enter into a Transaction wherein it will pay a fixed rate and receive a floating rate plus spread for managing its investments in Indian Government Securities.
- The proposed Transaction consists of periodic interest settlements, which are linked to floating underlier of O/N MIBOR.

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **Price / Yield of the Reference Security:** The MTM moves in favor of the Client if the Price moves lower / Yield moves higher and vice versa.

Indicative Terms & Conditions*

Payoff details	
INR Notional Client	INR 1,000 Million
INR Notional Citi	INR 1,010 Million
Tenor	1 Year
Reference Security	IGB 7.38 06/20/2027 (ISIN – IN0020220037)
Client pays	Fixed Rate Coupons of 7.38% (on INR Notional Client) during life of the transaction; At maturity, the difference between the INR notional Citi and INR Notional Client * Final FBIL Price / 100
Client receives	INR O/N MIBOR +/- spread bps (on INR Notional Citi)
Market Ref	101.00

Benefits/ Risks

Benefits	• **Client is hedged for the INR Interest rate risk on its assets**
Risks	• Client will have -ve MTM in the case of lower G sec yield / higher price • Client will not be able to benefit from a fall in yield / rise in price of IGB

Costs & Fees

- Client receives INR floating rate during the life of the transaction and the difference between the payoff settlements at maturity

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Structured Interest Rate Swap

Non-retail

Illustration of how the product works - Coupon Settlements

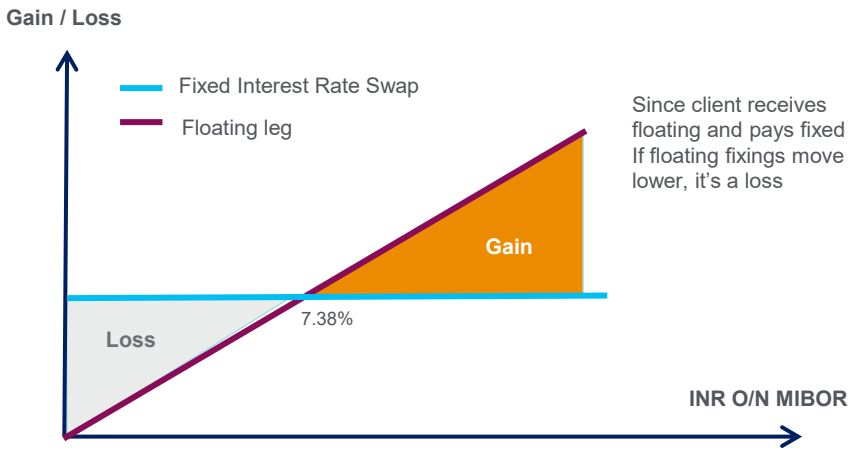
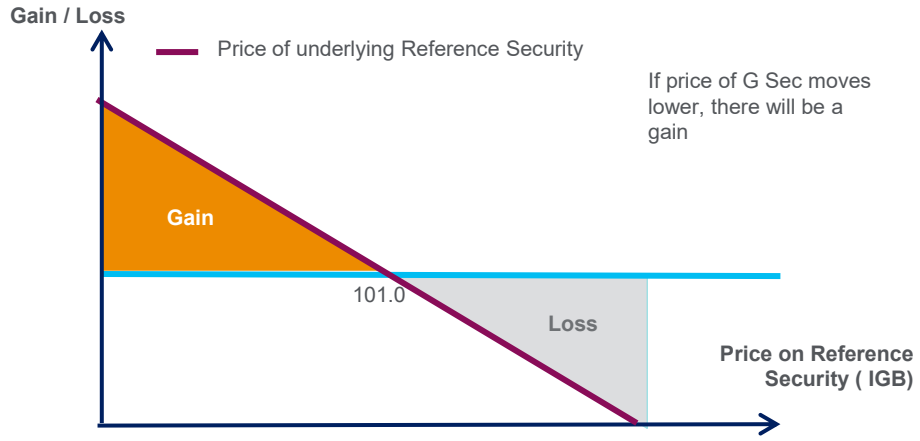


Illustration of how the product works – Maturity Settlement



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Structured Cross Currency Swap

Non-retail

Features and Suitability

- **The product is suitable for customers who have both FX risk and interest rate risk** (arising out of their INR investments in India OR coming out of their liabilities denominated in INR) and would like to manage their exposure to the interest rate risk as well as FX risk in a single transaction.
- The proposed structured transaction enables the Client to: (1.) **hedge the FX risk on the principal as well as periodic coupon payments**, if any, arising from expected periodic repatriations borne out of the investments made in the country; and (2.) **hedge the interest rate risk arising out of the underlying investments made into the country**. The product is a foreign currency ("FCY") structured derivative transaction, namely, a Structured Cross-Currency Swap Transaction, whose **return is linked to the price of the underlying GOI bond** (as published by Financial Benchmarks India Pvt. Ltd. ("FBIL")) and **published floating reference in FCY (eg USD O/NSOFR).**
- Effectively, the Client will typically enter into the following arrangements with Citi:
    1. A swap, wherein it will pay a fixed rate and receive a floating rate (both denominated in different currencies) for managing its assets and liabilities;
    2. Periodic interest / coupon settlements, which are linked to floating underlier(s) as above; and
    3. A cash interest settlement at maturity linked to prevailing price of the underlier.

Costs & Fees

- Client receives USD floating rate during the life of the transaction and the difference between the payoff settlements at maturity

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **Price / Yield of the Reference Security:** The MTM moves in favor of the Client if the Price moves lower / Yield moves higher and vice versa.
- **FCY/INR FX Rate:** The MTM moves in favor of the Client if FCY appreciates against INR and vice versa.

Benefits/ Risks

Benefits	• **Client is hedged for the INR Interest rate and FX risk on its assets**
Risks	• Client will have -ve MTM in the case of lower G sec yield / higher price/ FCY depreciates against INR • Client will not be able to benefit from a fall in yield / rise in price of IGB and/ or appreciation of INR against FCY

Indicative Terms & Conditions*

Payoff details	
INR Notional Client	INR 1,000 Million
FCY Notional Citi	USD 12,035,142
Tenor	1 Year
Reference Security	IGB 7.38 06/20/2027 (ISIN – IN0020220037)
Client pays	• Fixed Rate Coupons of 7.38% (on INR Notional Client) during life of the transaction; • At maturity, the Client pays INR Notional Client * Reference Security Price at Termination / 100
Client receives	• O/N SOFR – 70 bps (on FCY Notional Citi) • At maturity, the Client receives FCY notional Citi
Reference Security Price	101.00
USD/INR Rate	83.00

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Structured Cross Currency Swap

Non-retail

Illustration of how the product works - Coupon Settlements

Average SOFR for the period (in % p.a.)	3.30%	4.30%	5.30%	6.30%	7.30%	8.30%
Client receives (in % p.a.)	2.60%	3.60%	4.60%	5.60%	6.60%	7.60%
Client receives (in USD)	316,386	438,072	559,759	681,446	803,133	924,819
Client pays (in % p.a.)	7.38%	7.38%	7.38%	7.38%	7.38%	7.38%
Client pays (in INR)	73,800,000	73,800,000	73,800,000	73,800,000	73,800,000	73,800,000
Net Gain/ Loss in (in USD)	-572,771	-451,084	-329,398	-207,711	-86,024	35,663

Assumptions:

- The costs mentioned above, are annualized and arrived at using simple compounding
- This does not factor in present value, time value or discounting impact and the difference in settlement frequency of both legs
- USD amounts computed at USD/INR FX rate prevailing at trade inception (83.00)

Illustration of how the product works – Maturity Settlement

Ref Security Price at Termination	INR Notional Client * Reference Security Price at Termination / 100	USD/INR FX Rate (All amounts below in USD)						
		80	81	82	83	84	85	86
98	980,000,000	-81,325	69,909	217,455	361,446	502,008	639,263	773,326
99	990,000,000	-206,325	-53,548	95,504	240,964	382,960	521,616	657,047
100	1,000,000,000	-331,325	-177,004	-26,447	120,482	263,913	403,969	540,768
101	1,010,000,000	-456,325	-300,461	-148,398	0	144,865	286,322	424,489
102	1,020,000,000	-581,325	-423,918	-270,350	-120,482	25,818	168,675	308,210
103	1,030,000,000	-706,325	-547,375	-392,301	-240,964	-93,230	51,028	191,931
104	1,040,000,000	-831,325	-670,831	-514,252	-361,446	-212,278	-66,619	75,651
105	1,050,000,000	-956,325	-794,288	-636,203	-481,928	-331,325	-184,266	-40,628
106	1,060,000,000	-1,081,325	-917,745	-758,155	-602,410	-450,373	-301,914	-156,907
107	1,070,000,000	-1,206,325	-1,041,202	-880,106	-722,892	-569,421	-419,561	-273,186
108	1,080,000,000	-1,331,325	-1,164,659	-1,002,057	-843,373	-688,468	-537,208	-389,465
109	1,090,000,000	-1,456,325	-1,288,115	-1,124,008	-963,855	-807,516	-654,855	-505,744

* Negative figures denote loss to the client

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Swap with Zero Coupon Comp Float Leg

Retail, Non-retail

Features and Suitability

- **The Client issues a zero coupon bond and would like to hedge the interest rate risk**
- The Client has a USD liability on a zero coupon bond and would like to hedge the USD interest rate risk
- The Client can enter into a USD floating to fixed interest rate swap to receive a floating coupon on a compounded notional (one time payment) and pay a fixed coupons

Indicative Terms & Conditions*

Payoff Details	
USD Notional	USD 10 Million, Compounded at [1.15%] annually
Expiry	5 years
The Client receives	Daily Compounded USD SOFR, paid one time at maturity, A/360 on USD Notional
The Client pays	USD [1.15%] (p.a.), Quarterly, A/360 on USD Notional
Market Ref	SOFRRATE Index = 0.05%

Costs & Fees

- The Client pays USD fixed rate coupon to hedge USD floating rate risk as per the illustrative Terms and Conditions above.
- There is no upfront costs and fees. In case if there is a fee to be charged, it would be as per the transaction terms in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

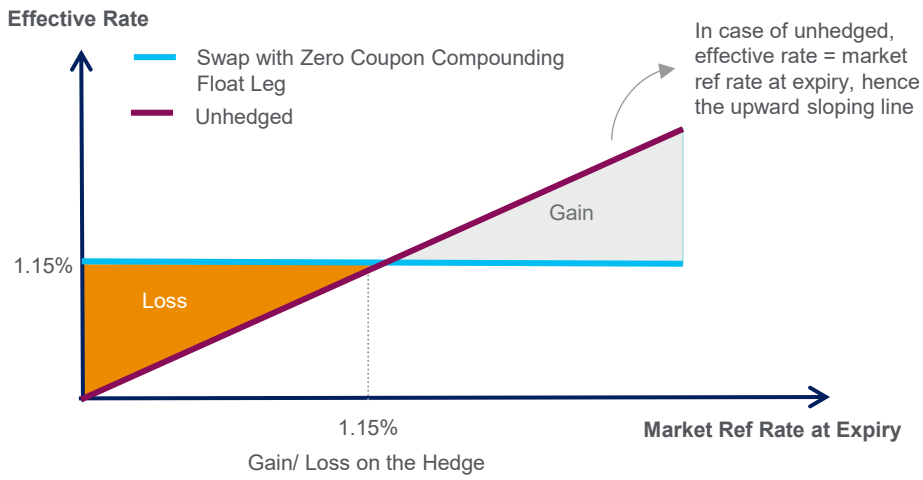
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **US Swap Rates:** The MTM will increase with increase in US swap rates and vice-versa.

Benefits/ Risks

Benefits	• **The Client is hedged for USD Interest rate risk on the zero coupon bond issuance** • Interest rate swap ensures certainty of interest cost & cash outflow for the Client.
Risks	• Client will not be able to benefit from lower daily compounded SOFR rate

Illustration of how the product works / Scenario analysis



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USD Swaption

Non-retail

Features and Suitability

- **USD Swaption gives Client the right but not the obligation to enter into a swap on a specific date at specified Strike.**
- An USD Swaption is an Option of specified Expiry, to enter into a Pay Fixed / Receive Float Swap, with specified Start Date, Tenor & Strike.
- Client has a bond portfolio or floating rate liability and would like to hedge against rising interest rates

Indicative Terms & Conditions*

Payoff details	
Notional	USD 10 Million
Index	Overnight SOFR, (Compounded Daily, payment in arrears)
Expiry / Tenor	1Y expiry, 5Y Tenor
Strike	[3.70%]
Option Premium	[USD 190K]
Payoff	• At T+1y, Client has the option to enter an USD Pay Fixed [3.70%], receive Daily Compounded SOFR, SA (A/360, adj) • If option is exercised, payoff is equivalent to a pay fixed IRS.
Market Ref	Overnight SOFR (Compounded Daily, payment in arrears)

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above.
- Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

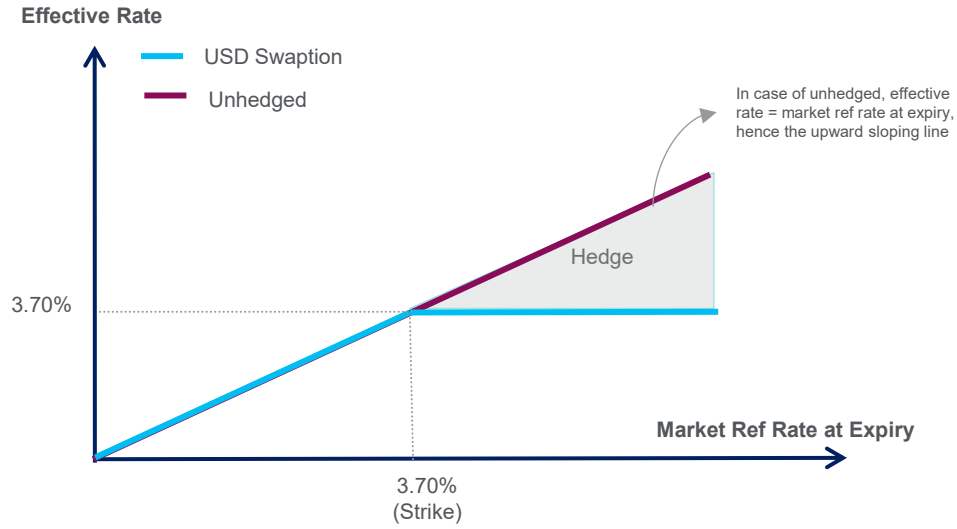
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD swap rates:** The MTM will increase with increase in USD swap rates and vice-versa.
- **USD Interest rate volatility:** The MTM will increase if interest rate volatility increases and vice-versa.

Benefits/ Risks

Benefits	• **Swaption allows client to be hedged when rates increase above Strike.** • Allows participation should rates move lower.
Risks	• The maximum loss on the swaption is the premium paid upfront.

Illustration of how the product works / Scenario analysis



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USD Swaption (Sold)

Non-retail

Features and Suitability

- **In a Sold Swaption, the Client grants the right to the bank to enter into a swap on a specific Date at specified Strike.**
- The Client has an interest rate exposure, due to an asset or a liability, which could be fixed or floating, and they want to hedge by entering into an Interest Rate Swap (Payer or Receiver, as appropriate) but can cheapen the hedge-cost by selling an Option to the counterparty Bank.

Indicative Terms & Conditions*

Payoff details	
Notional	USD 10 Million
Index	Overnight SOFR, (Compounded Daily, payment in arrears)
Expiry / Tenor	1Y expiry, 5Y Tenor
Strike	[3.70%]
Option Premium	[USD 150K]
Payoff	• At T+1y, the Bank has the option to enter an USD Pay Fixed [3.70%], receive Daily Compounded SOFR, SA (A/360, adj) • If option is exercised, payoff is equivalent to a pay fixed IRS.
Market Ref	Overnight SOFR (Compounded Daily, payment in arrears)

Costs & Fees

- Option premium for the illustration above as mentioned in Indicative Terms and Conditions above accrues to the client, so is not a Cost.
- Transaction specific payoff, cost and fees will be as per the transaction specific T&C as agreed in electronic platform/ voice/ term sheets and confirmation.

Mark to market (MTM) of the Transaction

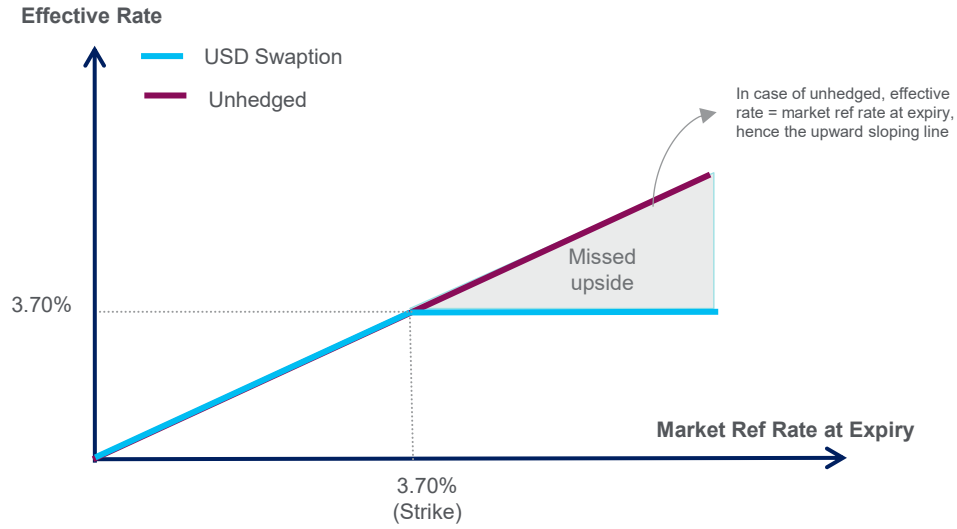
MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **USD swap rates:** The MTM will decrease with increase in USD swap rates and vice-versa.
- **USD Interest rate volatility:** The MTM will decrease if interest rate volatility increases and vice-versa.

Benefits/ Risks

Benefits	• **Swaption allows client to cheapen the hedge cost as long as the rate remains below the Strike.** • Client can select a strike which it would be ok to get locked at if rates moved higher
Risks	• If rates increase above the Strike, the client loses any further participation (missed opportunity).

Illustration of how the product works / Scenario analysis



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Credit Default Swap (Seller)

Non-retail

Features and Suitability

- The transaction involves the Client (the "Counterparty") selling credit protection on an agreed name (the "Reference Entity"). Pursuant to the terms of Transaction, the Counterparty agrees to take credit exposure to Reference Entity and will receive periodic premiums from the protection buyer.
- This structure is suitable for Clients who are willing to take credit exposure on the underlying Reference Entity.

Indicative Terms & Conditions*

Payoff details	
Notional	USD 10 Million
Protection Buyer:	Citibank N.A, Mumbai
Protection Seller:	Client
Reference Entity:	XYZ.
Deliverable Obligation:	Bonds issued by the Reference Entity
Recovery:	Market value of the Deliverable Obligation expressed as a percentage of Notional
Payoff	• **If no Credit Event has occurred**: Protection Seller received periodic payments from Protection Buyer • **If Credit Event has occurred:** Protection Seller pays Notional to Protection Buyer and receives physical delivery of the Deliverable Obligation in case of Physical Settlement • **In case of Cash Settlement**: Protection Seller pays an amount equals to Notional * (100% – Recovery) to Protection Buyer
Settlement Terms:	Physical Settlement/ Cash Settlement

Costs & Fees

- Client exchanges upfront fees and receives premium on regular intervals

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **Credit Spreads:** Client will have negative MTM with widening of credit spreads of the Reference Entity and vice versa.

Benefits/ Risks

Benefits	• Client will exchange upfront fees and receive premium on regular intervals for taking outright credit risk on the Reference Entity
Risks	• In case of credit event, Client will incur losses as illustrated under the Payoff section

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Credit Default Swap (Buyer)

Non-retail

Features and Suitability

- The transaction involves the Client (the "Counterparty") buying credit protection on an agreed name (the "Reference Entity"). Pursuant to the terms of Transaction, the Counterparty agrees to buy credit protection on Reference Entity and will pay periodic premiums to the protection seller.
- This structure is suitable for Clients who are looking to buy credit protection on the underlying Reference Entity.

Indicative Terms & Conditions*

Payoff details	
Notional	USD 10 Million
Protection Buyer:	Client
Protection Seller:	Citibank N.A, Mumbai
Reference Entity:	XYZ.
Deliverable Obligation:	Bonds issued by the Reference Entity
Recovery:	Market value of the Deliverable Obligation expressed as a percentage of Notional
Payoff	• **If no Credit Event has occurred**: Protection Seller received periodic payments from Protection Buyer • **If Credit Event has occurred:** Protection Seller pays Notional to Protection Buyer and receives physical delivery of the Deliverable Obligation in case of Physical Settlement • **In case of Cash Settlement**: Protection Seller pays an amount equals to Notional * (100% – Recovery) to Protection Buyer
Settlement Terms:	Physical Settlement/ Cash Settlement

Costs & Fees

- Client exchanges upfront fees and pays premium on regular intervals

Mark to market (MTM) of the Transaction

MTM of the Transaction from the Client's perspective, including in the case of early termination / unwind, will depend upon the following market factors:

- **Credit Spreads:** Client will have negative MTM with narrowing of credit spreads of the Reference Entity and vice versa.

Benefits/ Risks

Benefits	• Client will exchange upfront fees and pay premium on regular intervals for hedging credit/ default risk on the Reference Entity
Risks	• In case of no credit event, Client will incur loss of premium paid

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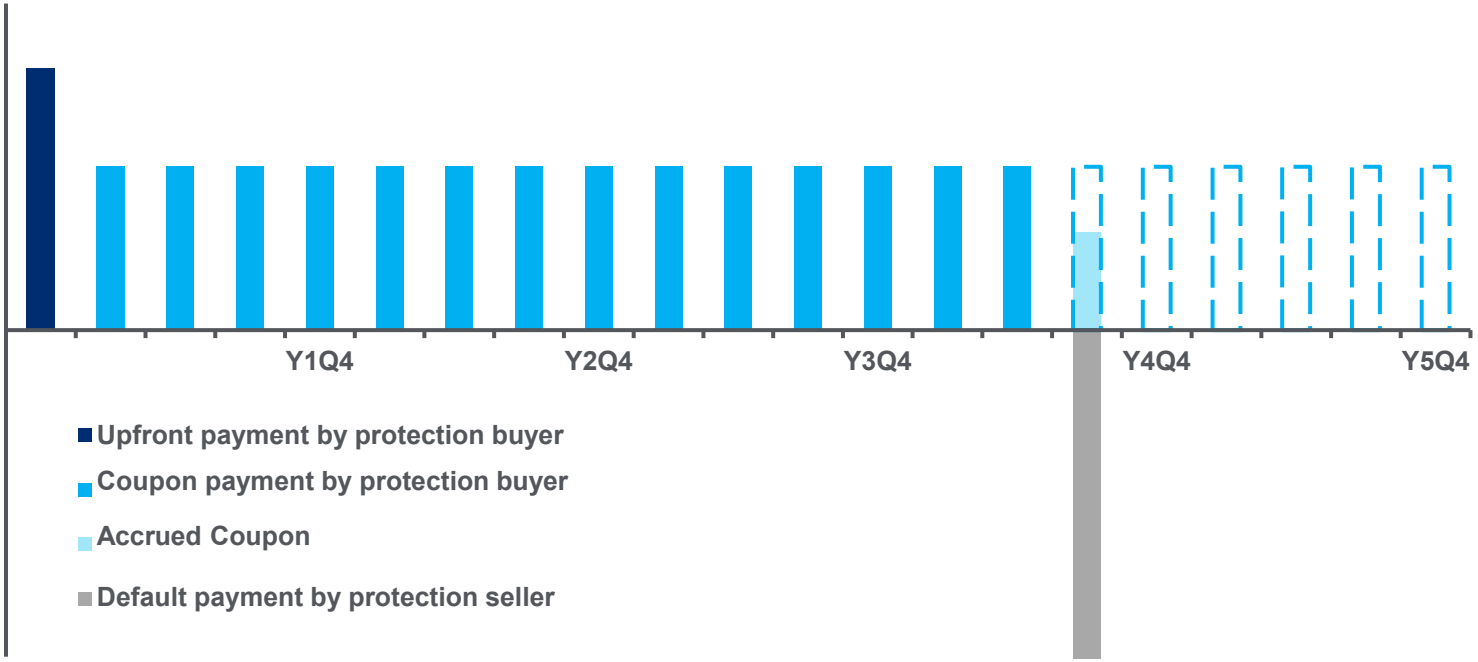
Credit Default Swap

Non-retail

Illustration of how the product works / Scenario analysis



- Protection buyer
  - Pays (Receives) upfront cash settlement.
  - Pays a regular, fixed coupon on the traded notional.
  - Receives notional*(1-recovery rate) in case of a credit event.
- Protection seller
  - Receives (Pays) upfront cash settlement.
  - Receives a regular, fixed coupon on the traded notional.
  - Pays notional*(1-recovery rate) in case of a credit event.

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