PRODUCT DISCLOSURE DOCUMENT

PURPOSE

This document provides you with key information about this product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

PRODUCT

Name	Interest Rate Swaption
Identifier	Generic PDS - Interest Rate Swaption (Payer / Receiver)
Manufacturer	Crédit Agricole CIB (Party A)
Contacting the manufacturer	ind-fxsales@ca-cib.com
	Call +91 22 6635 1804 for more information

YOU ARE ABOUT TO PURCHASE A PRODUCT THAT IS NOT SIMPLE AND MAY BE DIFFICULT TO UNDERSTAND

WHAT IS THIS PRODUCT?

An Interest Rate Swaption is an instrument that gives the buyer of the option, the right but not the obligation, to enter into an Interest Rate Swap at the expiry of the Swaption and the Seller of the Swaption, the obligation to enter into an Interest Rate Swap on expiry if exercised by the buyer. On the expiry date, the buyer of optionality has the right to enter into the specified swap with predetermined interest rate terms (Fixed Rate, Floating Rate etc.). Swaptions allow participants to get exposure to a favorable move in the underlying interest rate swap. The buyer of the option has unlimited participation on the upside with limited exposure on the downside. And conversely, the Seller of the option has unlimited downside but upside limited to the premium received.

There are two types of Swaptions:

Payer Swaption: The buyer (seller) of the swaption has the right (obligation) to pay (receive) the fixed rate and receive (pay) the floating reference interest rate.

Receiver Swaption: The buyer (seller) of the swaption has the right (obligation) to receive (pay) the fixed rate and pay (receive) the floating reference interest rate.

Type An "over the counter" (OTC) derivative contract on interest rate.

Objectives To express a view on the future behaviour of the underlying reference interest rate.

How the return is determined:

- **Payoff:** The payoff under the Swaption on the expiry date is determined by comparing the underlying reference IRS rate and the predetermined strike rate. The settlement amount of the Swaption, if exercised will be either be Cash settled by Party A or a swap will be written between the parties with the maturity equal to the underlying index maturity & notional of the trade. A detailed illustration of the Settlement amount given further below.
- **Term:** This product is scheduled to terminate on Scheduled Termination Date (Maturity Date). It may terminate early (i) following certain defined events principally in relation to the underlying, or either party (including default), provided that Manufacturer may, in certain cases, elect to adjust terms instead to

account for the relevant event or (ii) at client's request based on a valuation provided by Manufacturer. The amount owed on termination depends on market and liquidity conditions as well as the credit quality of the involved parties. This could have a material adverse effect on the return on the product compared to if it had continued to its full term.

Key dates and values (*)

All determinations are made by Calculation Agent. All dates may be subject to adjustment for non-business days and market disruption events, if applicable.

- **Calculation Agent:** Manufacturer
- **Party A:** Manufacturer
- **Party B:** Client
- **Notional Amount:** USD 1,000,000
- **Type of Swaption:** Receiver
- **Reference Interest Rate:** USD-1Year O/N SOFRCMP IRS
- **Strike Rate:** 5.35%
- **Expiry Date:** 3 Months
- **Premium:** USD 2,500

At expiry, if the reference IRS rate is below the Strike rate, say 4.75%, and if Party B is the buyer of the Receiver Swaption, then Party B gets the difference between the Strike and IRS market rate at expiry i.e. (5.35% - 4.75%)* notional*DV01, which would be the Settlement amount payable by Party A to B (Cash settlement) or Party B will receive 5.35% on a USD IRS for 1 year against O/N SOFRCMP from Party A.

(*) Items above are indicative and may change. You should check the final value of such items prior to investing.
The figures in the rest of this document are presented over the Recommended Holding Period, which is less than one year. These figures may not be comparable to those of other products with a Recommended Holding Period of over a year; as such, figures would be presented per year.

Intended Client

This product is intended for clients who:

- have significant knowledge and experience in products such as the one described in this document are willing and able to bear an unlimited loss.
- have a risk tolerance consistent with the summary risk indicator in this document
- are expressing a view on the underlying consistent with the conditions for a positive outcome (as stated in the product description)
- have a horizon consistent with the term of this product as determined independently or on the basis of professional advice.

WHAT ARE THE RISKS AND WHAT COULD I GET IN RETURN?

Risks	Benefits
• If Party B is the Swaption seller, they will be exposed to unlimited losses, if rates move against their view.	• The buyer of the swaption can lock-in his liability for the future and have a clear visibility of future cash flows, if the rates move in their favour.
• Party B may not be perfect hedged to the movement in underlying interest rate if the product is cash settled on expiry.	• If the rates go against the buyer of the swaption, their losses are limited to the premium paid.

Performance Scenarios for the example above

Market developments in the future cannot be accurately predicted. The scenarios shown are only an indication of some of the possible outcomes based on recent returns. Actual returns could be lower. The payoff indicated is undiscounted amount.

Strike	USD-1Year O/N SOFRCMP IRS on Expiry	Notional	Payoff
5.35%	0.5%	1,000,000	48,500
5.35%	1.5%	1,000,000	38,500
5.35%	2.5%	1,000,000	28,500
5.35%	3.5%	1,000,000	18,500
5.35%	4.5%	1,000,000	8,500
5.35%	5.5%	1,000,000	-0.00
5.35%	6.5%	1,000,000	-0.00
5.35%	7.5%	1,000,000	-0.00
5.35%	8.5%	1,000,000	-0.00

TERMINATION

Similar to any OTC derivative transaction in case Party B wishes to terminate this Transaction, either in part of in full, prior to the scheduled termination date on any business day, Party B can request Party A to provide an early termination quote, which shall take into account the mid mark to market value of this Transaction from Party A's perspective minus applicable costs which include without limitation, unwind cost, hedging cost, cost of funding, and/or other expenses. Early termination quote will take into account, among other factors, prevailing market rates, liquidity, price factors, Party A's hedging obligations and such other factors deemed relevant by Calculation Agent in its sole and absolute discretion. Party B shall communicate to Party A whether they would like to proceed with the early termination/unwind and that early termination quote is accepted by Party B

COSTS AND FEES

The type of costs shown here are the cumulative costs of the product itself, for the recommended holding period.

Costs over time:

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

Composition of costs:

- Transaction Costs: Financial instruments may involve transaction costs, which are incurred as a result of accessing the wider market to initiate, terminate, increase or decrease a position in the instrument. The transaction costs depend on the below factors:
    - Market Risk
    - Credit Risk
    - Capital Required
    - Financial Instrument
    - Liquidity/ Standardization of the Financial Instrument in the market
    - Transaction size and tenor

  - Effort, Cost and Risk to the market maker.

- One-Off Costs: These are one-off charges/ costs paid, typically, at the beginning or at the end of the financial instrument's life cycle.
- Other Ongoing Costs: The impact of the costs that we take for managing your financial instruments.

VARIOUS RISKS ASSOCIATED IN THE TRANSACTION

The Counterparty acknowledges that before entering into derivative transactions, it understands the underlying risk of the above mentioned transaction. The Counterparty acknowledges that derivative transactions are in general exposed to various types of risk, including but not restricted to the following:

1) **Credit risk:** the risk of loss due to Counterparty's failure to perform on an obligation to the institution. Credit risk in derivative products comes in two forms:

   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 only be known 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. This risk is only present in transactions that do not involve delivery versus payment and generally exists for a very short time (less than 24 hours).

2) **Market risk:** the risk of loss due to adverse changes in the market value (the price) of an instrument or portfolio of instruments. Such exposure occurs with respect to derivative instruments when changes occur in market factors such as underlying interest rates, exchange rates, equity prices, and commodity prices or in the volatility of these factors.

   Liquidity risk: the risk of loss due to failure of an institution to meet its funding requirements or to execute a transaction at a reasonable price. Institutions involved in derivatives activity face two types of liquidity risk: market liquidity risk and funding liquidity risk.

   Market liquidity risk: the risk that an institution may not be able to exit or offset positions quickly, and in sufficient quantities, at a reasonable price. This inability may be due to inadequate market depth in certain product (e.g. exotic derivatives, long-dated option), market disruption, or inability of the bank to access the market (e.g. credit down- grading of the institution or of a major counterparty).
3) **Funding liquidity risk:** the potential inability of the institution to meet funding requirements, because of cash flow mismatches, at a reasonable cost. Such funding requirements may arise from cash flow mismatches in swap books, exercise of options, and the implementation of dynamic hedging strategies
4) **Operational risk:** the risk of loss occurring as a result of inadequate systems and control, deficiencies in information systems, human error, or management failure. Derivatives activities can pose challenging operational risk issue because of the complexity of certain products and their continual evolution.

5) **Legal risk:** the risk of loss arising from contracts which are not legally enforceable (e.g. the counterparty does not have the power or authority to enter into a particular type of derivatives transaction) or documented correctly.

6) **Regulatory risk:** Regulatory risk is the risk of loss arising from failure to comply with regulatory or legal requirements.

7) **Non- Transferability and Non-Marketability:** An OTC Derivative generally cannot be assigned or transferred without the

consent of the other party. The Bank or its affiliate, as applicable, may, but is not obligated to, repurchase any OTC Derivative from you. It therefore may be impossible for you to liquidate any OTC Derivatives purchased by you prior to maturity. Because OTC Derivatives are not standardized, engaging in an OTC Derivative with another dealer to offset an OTC Derivative you have entered into with the Bank will not automatically close out those positions (as would be true in the case of equivalent exchange traded options) and will not necessarily function as a perfect hedge.

8) **Economic Terms:** Because the prices and characteristics of OTC Derivatives are individually negotiated and there is no central source for obtaining option prices from competing dealers, there are inefficiencies in OTC Derivatives pricing. The Bank and/or its affiliates consequently do not warrant that its prices will always be the best prices available to you. The Bank and/or its affiliates may make a profit from an OTC Derivative with you no matter what result the transaction has from your point of view.

9) **Relationship Between Parties:** Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction) it is acting for its own account, and it has made its own independent decisions to enter that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction. It being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of that Transaction.