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	Target Redemption Forward (TRF)
Identifier	Generic PDS - Target Redemption Forward (TRF)
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?

A target redemption forward (TRF) is a structured forward contract that allows you to trade at a better rate than a standard forward. The holder of a TRF therefore has the opportunity to buy (or sell) a currency against another in a regular sequence of transactions at a lower (or higher) level than the respective forward rate on the trade date as long as the maximum profit cap level (or any other knock out level) set at the beginning has not been breached. Once the cumulative profit cap level (or any other knock out level) is reached, the remaining forward contracts are terminated and no more transactions will occur.

The profit cap level is generally determined by two-ways: number of observations or cumulative profit. Variations of this product can be designed to suit client needs (which will be explained in the specific term sheet)

- **Number of observations:** On each of the maturity date of the contract, if the spot fixing comes above (below) the strike price, it will be considered as "one observation". The number of observations determines the profit cap level where the strike is better than the market rate at each expiry. Once the maximum number of observations is reached level (or any other knock out level), also called the target, the product stands terminated.
- **Cumulative Profits:** On each expiry date, if the strike rate is better than the spot exchange rate for Party B, then the profit will be calculated and cumulated until the profit cap level is reached post which the product stands terminated.

Type:	An "over the counter" (OTC) derivative contract on foreign exchange.
Objectives:	To express a view on the future behavior of the foreign exchange rate.
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 you or Manufacturer (including default), provided that Manufacturer may, in certain cases, elect to adjust terms instead to account for the relevant event or (ii) at your 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.

Below is an example of an exporter TRF (Client Selling USD against INR) -

• **Calculation Agent:**	Manufacturer
• **Party A:**	Manufacturer
• **Party B:**	Client
• **Notional Amount:**	USD 1,000,000
• **Gearing:**	2X
• **Monthly Intrinsic Value (MIV):**	Max [Strike – USDINR Fixing Rate, 0]
• **Cumulative Intrinsic Value (CIV):**	(Sum of MIV) * Notional
• **Cumulative Profit Cap:**	INR 600,000
• **Knock Out event:**	When CIV ≥ Cumulative Profit Cap
• **Strike FX Rate:**	INR 83.30 / USD
• **Trade Initiation Date:**	Start date
• **Number of Fixings:**	Twelve
• **Fixing frequency:**	Monthly
• **Tenor:**	One year

Payoffs:

In the above example:

- When the Knock Out event has not occurred –
  If USDINR Fixing Rate ≤ Strike, Client sells USD Monthly Notional at Strike
  If USDINR Fixing Rate > Strike, Client sells USD Monthly Notional × Gearing at Strike

- Else if the Knock Out event has occurred –
  Rest of the forward contracts knock out/ terminated.
  For the final settlement, Client receives in INR**:** Cumulative profit Cap - CIV_{t-1}

(*) Items above are indicative and may change. You should check the final value of such items prior to investing.

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.

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

Risks	Benefits
• In case of strong appreciation of the USD, client will sell double the USD notional at Strike which will be less favorable compared to then prevailing market rate	• Zero up-front premium cost to Party B
• In case of strong depreciation of USDINR, the Target IV will be reached quickly, structure will terminate and the client will be unhedged for the remaining cash flows	• Visibility of cash flows until the structure exists.
	• Enhanced / better exchange rate than a plain vanilla forward contract

Performance Scenarios

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.

Example when structure is knocked out –

Observation	Strike Rate	Spot Fixing	Payoff	CIV
1	83.3000	83.5000	(₹ 400,000)	No Accumulation
2	83.3000	83.1500	₹ 150,000	150,000
3	83.3000	83.3500	(₹ 100,000)	No Accumulation
4	83.3000	83.5500	(₹ 500,000)	No Accumulation
5	83.3000	82.9000	₹ 400,000	550,000
6	83.3000	83.2500	₹ 50,000	600,000
7	83.3000	83.2600	₹ 0	-
8	83.3000	83.3700	₹ 0	-
9	83.3000	83.2400	₹ 0	-
10	83.3000	83.3600	₹ 0	-
11	83.3000	83.2200	₹ 0	-
12	83.3000	82.1000	₹ 0	-

Here the TRF contract would be terminated / knocked out after the sixth observation as the maximum cumulative profit cap of INR 600,000 is reached level (or any other knock out level). In addition, there would be no more forward contracts outstanding until the maturity date.

Example when the structure is not knocked out –

Observation	Strike Rate	Spot Fixing	Payoff	CIV
1	83.3000	83.1000	₹ 200,000	200,000
2	83.3000	83.2500	₹ 50,000	250,000
3	83.3000	83.4000	(₹ 200,000)	No Accumulation
4	83.3000	83.5500	(₹ 500,000)	No Accumulation
5	83.3000	83.7000	(₹ 800,000)	No Accumulation
6	83.3000	83.8500	(₹ 1,100,000)	No Accumulation
7	83.3000	84.0000	(₹ 1,400,000)	No Accumulation
8	83.3000	84.1500	(₹ 1,700,000)	No Accumulation
9	83.3000	84.3000	(₹ 2,000,000)	No Accumulation
10	83.3000	84.4500	(₹ 2,300,000)	No Accumulation
11	83.3000	84.6000	(₹ 2,600,000)	No Accumulation
12	83.3000	84.7500	(₹ 2,900,000)	No Accumulation

Since the structure does not get knocked out, Party B will keep selling 2 mio USD on each of the maturity date.

There can be multiple payoff / performance scenarios, which can occur beyond the example explained here above, depending on how the product is structured basis the Party B's needs.

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.