

PRODUCT DISCLOSURE STATEMENT

This Product Disclosure Statement (“**Statement**”) has been prepared for and is sent to the Customer to provide the Customer with information about the Product and to assist the Customer with evaluation and assessment of suitability of the Product to the business requirements of the Customer.

THE STATEMENTS LIST OUT THE VARIOUS PRODUCTS OFFERED BY THE BANK TO ITS CUSTOMERS` AND THE DETAILS PROVIDED IN THIS STATEMENT ARE FOR THE GENERAL UNDERSTANDING OF THE CUSTOMER. THIS STATEMENT IS NOT A RECOMMENDATION OF THE PRODUCT BY THE BANK TO THE CUSTOMER. BASED ON THE COMMERCIAL NEEDS OF THE CUSTOMER, THE SUITABILITY AND APPROPRIATENESS OF THE PRODUCT WILL BE DISCUSSED WITH THE CUSTOMER.

- Product** : **PayGo USD Call / INR Put Option Spread**
- Description of the Product** : This Transaction comprises of a series of option transactions (each an “Option Transaction”), which together constitutes a single and indivisible transaction.
The purpose of this Transaction is to manage foreign currency risks arising from payments to be made in a foreign currency.
- Benefits** : PayGo call spread is an FX risk management tool. Typically, Indian clients who have taken USD loan or issued USD bonds have operational cash flows in INR. The PayGo Call spread option provides range bound protection on adverse FX movements while offering full participation in case of favorable currency movement.

The payoff profile of a PayGo Call spread is similar to that of the Vanilla Call spread.

Post the guaranteed premium term period, Client has the option to terminate the hedge at Nil unwind Mark to Market].
- Terms and Conditions** : Each transaction will be governed by and subject to the ISDA Master Agreement executed between the parties.

The contractual terms and conditions for each Transaction will be as determined between the parties to the transaction under the confirmation per transaction. The terms and conditions will include the spot rate for the transaction, forward exchange premium (or discount, as applicable), costs and fees applicable per transaction.
- Risks** : The product is directly affected by the changes in interest rate of both the currencies, FX Spot rate and FX volatility. The client can be adversely affected by the impact of change in any of these factors on the market value of the transaction.

CONTRACT TERMS AND CONDITION

General Terms

- Party A** : **UBS AG, acting through its Mumbai Branch**
- Party B** : **[•]**
- Single Transaction** : The terms set out below represent a single and indivisible Transaction
- Trade Date** : **[•]**
- Effective Date** : **[•]**
- Termination Date** : **[•]**, subject to adjustment in accordance with the Business Day Convention.

Premium Provisions

(a) Upfront Premium

- Upfront Premium Payment** : On the Upfront Premium Payment Date, the Upfront Premium Payment Payer shall pay the Upfront Premium Payment Amount to the Upfront Premium Payment Payee
- Upfront Premium Payer** : **[•]** Party B
- Upfront Premium Amount** : **INR [•]**
- Upfront Premium Payment Date** : Effective Date, subject to adjustment in accordance with the Business Day Convention.

(b) Periodic Premiums

- Periodic Premium Payment** : Subject to the Optional Early Termination provisions below, on each Periodic Premium Payment Date, the Periodic Premium Payment Payer shall pay the relevant Periodic Premium Payment Amount to the Periodic Premium Payment Payee
- Periodic Premium Payer** : **[•]** Party B
- Periodic Premium Currency** : **[•]** INR
- Periodic Premium Amounts** : The Periodic Premium Payment Amount in respect of each Periodic Premium Payment Date is as set out in Appendix 2.
- Periodic Premium Dates** : Each scheduled Periodic Premium Payment Date as set out in Appendix 2, subject to adjustments in accordance with the [Following] Business Day Convention

Option Transactions under Options Strip 1

Buyer	:	Party B
Seller	:	CS
Expiration Date	:	Subject to the Optional Early Termination provisions below, in respect of each Option Transaction, the scheduled date specified as such in Appendix 1, each such date subject to adjustment in accordance with the Preceding Business Day Convention.
Expiration Time	:	In respect of each Option Transaction, [●] (3:00 PM, Tokyo Standard Time)
Currency Option Style	:	European
Currency Option Type	:	[●] INR Put / USD Call
Call Currency	:	[●] USD
Call Currency Amount	:	In respect of each Option Transaction, the amount specified as such in Appendix 1
Put Currency	:	[●] INR
Put Currency and Put Currency Amount	:	In respect of each Option Transaction, the corresponding Call Currency Amount multiplied by Strike Price
Strike Price	:	In respect of each Option Transaction, the Strike Rate 1 specified in Appendix 1.
Automatic Exercise	:	Applicable
Settlement	:	Deliverable
Settlement Date	:	Subject to the Optional Early Termination provisions below, in respect of each Option Transaction, the date specified as such in Appendix 1, such date subject to adjustment in accordance with the Following Business Day Convention.

Option Transactions under Options Strip 2

Buyer	:	CS
Seller	:	Party B
Expiration Date	:	Subject to the Optional Early Termination provisions below, in respect of each Option Transaction, the scheduled date specified as such in Appendix 1, each such date subject to adjustment in accordance with the Preceding Business Day Convention.
Expiration Time	:	In respect of each Option Transaction, [●] (3:00 PM, Tokyo Standard Time)

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Currency Option Style	:	European
Currency Option Type	:	<input type="checkbox"/> INR Put / USD Call
Call Currency	:	<input type="checkbox"/> USD
Call Currency Amount	:	In respect of each Option Transaction, the amount specified as such in Appendix 1
Put Currency	:	<input type="checkbox"/> INR
Put Currency and Put Currency Amount	:	In respect of each Option Transaction, the corresponding Call Currency Amount multiplied by Strike Price
Strike Price	:	In respect of each Option Transaction, the Strike Rate 1 specified in Appendix 1.
Automatic Exercise	:	Applicable
Settlement	:	Deliverable
Settlement Date	:	Subject to the Optional Early Termination provisions below, in respect of each Option Transaction, the date specified as such in Appendix 1, such date subject to adjustment in accordance with the Following Business Day Convention.

Other Terms and Conditions

Business Day Convention	:	<input type="checkbox"/>
Business Days for Expiration	:	<input type="checkbox"/>
Business Days for Payments	:	<input type="checkbox"/>
Calculation Agent	:	Party A
Governing Law	:	English
Documentation	:	The Transaction will governed by and subject to the ISDA Master Agreement (including the Schedule, any Credit Support Annex, individual Confirmation for this Transaction and any amendments to the foregoing documents) executed between Party A and Party B (the "ISDA").

Optional Early Termination Provisions

Optional Early Termination	:	Counterparty has the option to terminate the Transaction, in whole but not in part, on each Early Termination Option Date by giving CS written notice (an " Early Termination Option Notice ") no less than two (2) Mumbai Business Days before the relevant Early Termination Option Date. In the event Counterparty exercises this right, the Transaction shall terminate on such Early Termination Option Date (the date of termination being the
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“Optional Early Termination Date”) and no further payments in all subsequent periods (except payments that are due but unpaid) shall be made by either party after the Optional Early Termination Date. For the avoidance of doubt, if the Transaction is early terminated, the payments due under the Option Transactions under Option Strip 1 and Option Strip 2 which have a Settlement Date falling on the Optional Early Termination Date, if any, shall be payable by the relevant party on the Optional Early Termination Date, and the Periodic Premium Payment Amount due from the Counterparty on the relevant Periodic Premium Payment Date falling on such Optional Early Termination Date, shall NOT be payable.

If Counterparty fails to pay any Periodic Premium Payment Amount on any Periodic Premium Payment Date, the Transaction shall terminate on such Periodic Premium Payment Date as if Counterparty has exercised its right to terminate the Transaction on such Periodic Premium Payment Date in accordance with the above paragraph (notwithstanding that no actual Early Termination Option Notice has been given). In such case, the above paragraph shall apply with such Periodic Premium Payment Date being the Optional Early Termination Date.

For the avoidance of doubt, a failure by Counterparty to pay the Upfront Premium Payment Amount will not constitute a deemed Optional Early Termination.

Early Termination Option Dates : Each Periodic Premium Payment Dates

APPENDIX 1 – Option Strips

Option Transaction under Option Strip 1 and Option Strip 2	Expiration Date of Option Transaction under Option Strip 1 and Option Strip 2	Settlement Date of Option Transaction under Option Strip 1 and Option Strip 2	Call Currency Amounts (USD) of Option Transactions under Option Strip 1	Call Currency Amounts (USD) of Option Transactions under Option Strip 2	Strike Rate 1	Strike Rate 2
1	30-Sep-22	3-Oct-22	13,377,049	5,992,500	76.00	80.00
2	31-Mar-23	4-Apr-23	13,109,226	5,992,500	76.00	80.00
3	29-Sep-23	4-Oct-23	15,311,719	8,342,500	76.00	80.00
4	28-Mar-24	3-Apr-24	15,051,016	8,342,500	76.00	80.00
5	30-Sep-24	3-Oct-24	14,790,313	8,342,500	76.00	83.35
6	28-Mar-25	3-Apr-25	14,529,609	14,529,609	76.00	84.89
7	30-Sep-25	3-Oct-25	14,922,255	14,922,255	76.00	86.57
8	30-Mar-26	2-Apr-26	14,577,344	14,577,344	76.00	88.34
9	30-Sep-26	5-Oct-26	16,242,457	16,242,457	76.00	90.34
10	31-Mar-27	2-Apr-27	15,931,531	15,931,531	76.00	92.47
11	30-Sep-27	4-Oct-27	14,648,244	14,648,244	76.00	94.92
12	31-Mar-28	5-Apr-28	14,362,172	14,362,172	76.00	97.53
13	29-Sep-28	3-Oct-28	20,512,563	20,512,563	76.00	97.50
14	29-Mar-29	3-Apr-29	117,100,500	117,100,500	76.00	97.50

APPENDIX 2 – Periodic Premiums

Periodic Premium Payment Dates	Periodic Premium Payment Amounts (INR)
3-Oct-22	153,160,216
3-Jan-23	153,160,216
4-Apr-23	149,152,432
3-Jul-23	149,152,432
4-Oct-23	143,572,968
2-Jan-24	143,572,968
3-Apr-24	137,993,504
2-Jul-24	137,993,504
3-Oct-24	132,414,040
2-Jan-25	132,414,040
3-Apr-25	126,834,576
2-Jul-25	126,834,576
3-Oct-25	120,862,192
2-Jan-26	120,862,192
2-Apr-26	114,889,808
2-Jul-26	114,889,808
5-Oct-26	107,597,213
4-Jan-27	107,597,213
2-Apr-27	100,304,618
2-Jul-27	100,304,618
4-Oct-27	93,624,978
4-Jan-28	93,624,978
5-Apr-28	86,945,338
3-Jul-28	86,945,338
3-Oct-28	75,943,578
2-Jan-29	75,943,578

FEATURES/ BUILDING BLOCKS OF THE PRODUCT

- USD interest rate swap curve
- INR MIFOR swap curve
- USD/INR spot exchange rate
- USD/INR FX implied volatility surface

This Transaction allows the user to hedge exposure from future USD cashflows against USDINR exchange rate movements.

Upon purchase, the user usually pays the upfront premium and later with periodic premiums as per the schedule defined.

This Transaction is suitable for users looking to hedge exposure arising from future USD cash flows against adverse USD/INR movements and still be able to participate in favorable moves in USD/INR.

Variations:

Based on Option Type:

- **Call Option:** Option buyer holds the right but not the obligation to buy USD against INR at a Strike Rate at the Expiration Date of the Transaction, for settlement on the Settlement Date
- **Put Option:** Option buyer holds the right but not the obligation to buy USD against INR at a Strike Rate at the Expiration Date of the Transaction, for settlement on the Settlement Date

Based on option exercise style:

- **European Option:** Single pre-defined Settlement Date of the Transaction.
- **American Option:** Option buyer can choose to exercise on any Business Day during a pre- defined Exercise Period that consists of more than one day.

PRODUCT ILLUSTRATION AND PAY-OFF

Example of hedging via USDINR Vanilla Call Option Spread (European)

- Market maker is Party A, user is Party B
- Notional Amount: USD 1 million
- Effective Date: 02 April 2022
- Settlement Date: 03 April 2029
- Strike Rate 1: 76.00
- Strike Rate 2: 80:00
- Currency Option Type: INR Put / USD Call
- User buys the option, and pays Premium (Upfront Amount) and later periodic premium payments

Subject to no early termination, the following illustration is valid at each expiration date

Case	S [^]	Payoff	Net Profit (loss) in INR	Effective Exchange Rate
Hedged	78	Option 1 <ul style="list-style-type: none"> • Party B receives USD 1 Mio • Party B pays INR 76 Mio Option 2 <ul style="list-style-type: none"> • No Settlement 	USD 1mio * (78-76) = INR 2 Mio	78
Hedged	82	Option 1 <ul style="list-style-type: none"> • Party B receives USD 1 Mio • Party B pays INR 76 Mio Option 2 <ul style="list-style-type: none"> • Party B pays USD 1 Mio • Party B receives INR 80 Mio 	[USD 1mio * (82-76) = INR 6 Mio] + [USD 1mio * (82-80) = (INR 2 Mio)] = INR 4 Mio	78
Favorable FX movement	70	Option 1 and 2 <ul style="list-style-type: none"> • No Settlement 	0	70

[^] S = USDINR Fixing Rate at Settlement Date

Payoff of the transaction:

Call Strike 1: CK1, Call Strike 2: CK2; Put Strike 1: PK1, Put Strike 2: PK2

USDINR Spot Rate at Settlement Date: S

For Buy Call / Put Option: On Effective Date, Party B Pays Premium (Upfront Amount) and later periodic premiums based on the schedule.

Option Type	On Option Strip Expiration Date	Payoff (On Settlement Date)
Buy Call Spread	Party B chooses to exercise the option ($CK1 < S \leq CK2$)	<ul style="list-style-type: none"> Party B receives USD Notional Party B pays INR amount = USD Notional x CK1
	Party B chooses to exercise the option ($CK1 < CK2 < S$)	<ul style="list-style-type: none"> Party B receives USD Notional Party B pays INR amount = USD Notional x (CK2 - CK1)
	Party B does not exercise the option ($S < CK1$)	<ul style="list-style-type: none"> No Settlement
Buy Put Spread	Party B chooses to exercise the option ($S < PK1 < PK2$)	<ul style="list-style-type: none"> Party B pays USD Notional Party B Receives INR amount = USD Notional x (PK2 - PK1)
	Party B chooses to exercise the option ($PK1 < S \leq PK2$)	<ul style="list-style-type: none"> Party B pays USD Notional Party B Receives INR amount = USD Notional x PK2
	Party B does not exercise the option ($S > PK2$)	<ul style="list-style-type: none"> No Settlement

Fees:

Unless stated otherwise in the termsheet or trade confirmation of the Transaction agreed with the user, the price that Party A quotes to its users is inclusive of any charges, costs etc. that Party A needs to bear in order to offer the Transaction to the user.

Early Exit:

Similar to any OTC derivative transaction in case Party B wishes to terminate this Transaction, either in part or 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.

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- a. If the early termination quote is greater than zero, Party B shall pay such amount to Party A.
- b. Else, Party A shall pay to counterparty the absolute value of the early termination quote.

For avoidance of doubt, upon the payment of early termination quote, this Transaction shall terminate and no further amounts payable by either parties.

SENSITIVITY ANALYSIS – FOR ILLUSTRATIVE AND INFORMATION PURPOSES ONLY

A sensitivity analysis identifies the market parameters that affect the potential profit or loss to a party under a transaction. This section displays some (but not all) of the market parameters which may affect the transaction and is not exhaustive. As such, no representation or warranty is made as to the accuracy or completeness of the information provided, which shall not be treated as professional or investment advice. The key parameters that affect the value of this transaction are - INR OIS curve and Reference Obligation Price.

This sensitivity analysis illustrates the effect that changes in the level of INR OIS curve and Reference Obligation Price may have on the indicative Mark to Market of the transaction. This sensitivity analysis has been prepared based on assumptions and parameters that reflect good faith determinations. The assumptions and parameters used are not the only ones that might reasonably have been selected or that could apply in connection with the preparation of this sensitivity analysis. A variety of other or additional assumptions, parameters, market factors and other considerations could result in different indicative values of the transaction. Credit Suisse AG expressly makes no representation or warranty that any valuation indicated below will apply in the future. Although this sensitivity analysis is based upon materials, sources and systems believed by us to be reliable, Credit Suisse AG or its affiliates do not guarantee its accuracy or completeness in any way whatsoever.

This sensitivity analysis is not intended to, and does not necessarily; illustrate the effect that changes in the level of INR OIS curve or Reference Obligation Price may have on the actual Mark to Market of the Transaction. In fact, the below indicative values may be significantly different to the actual unwind price of the transaction at any given time, but are intended to merely provide some indication of the possible Mark to Market based on the selected assumptions and parameters set forth herein. interest rate swap curve.

SCENARIO ANALYSIS

The following scenarios assume that only the variable under examination changes and all other variables remain constant.

- Annex-A1, where USD interest rate curve is changed and that all other variables remain constant.
- Annex-A2, where INR MIFOR swap curve is changed and that all other variables remain constant.
- Annex-A3, where USD/INR spot exchange rate is changed and that all other variables remain constant.
- Annex-A4, where USD/INR FX implied volatility surface is changed and that all other variables remain constant.

They indicate the mark to market of this Transaction, in USD. A positive value indicates that this Transaction is in the money for Party B and a negative valuation indicates that this Transaction is in the money for Party A.

Annex-A1:

Parallel shift in USD interest rate swap curve	Indicative mark to market for client
5.00%	[•]
2.50%	[•]
1.00%	[•]
-1.00%	[•]
-2.50%	[•]
-5.00%	[•]

Annex-A2:

Parallel shift in INR MIFOR swap curve	Indicative mark to market for client
5.00%	[•]
2.50%	[•]
1.00%	[•]
-1.00%	[•]
-2.50%	[•]
-5.00%	[•]

Annex-A3:

USD/INR spot exchange rate	Indicative mark to market for client
20.00%	[•]
10.00%	[•]
5.00%	[•]
-5.00%	[•]
-10.00%	[•]
-20.00%	[•]

Annex-A4:

Parallel shift in USD/INR FX implied volatility surface	Indicative mark to market for client
2.00%	[•]
1.00%	[•]
0.50%	[•]
-0.50%	[•]
-1.00%	[•]
-2.00%	[•]

Maximum loss & worst downside:

In the scenario of USD depreciation and options herein becoming worthless, client will have a mark to market equal to the present value of premium amounts yet to be paid, i.e. client will be out of money by that amount. If client has already paid all the premium amounts due under the options, client will have a mark to market equal to zero because client has the option to early terminate the transaction on the Early Termination Option Dates.

RISK DISCLOSURE

IMPORTANT NOTICE

We believe that clients who engage in treasury and financial transactions with us or through us should be aware of the risks which may be associated with such transactions. This risk disclosure statement is not intended as a substitute for your actually becoming reliably and adequately informed of the risks associated with such transactions by your seeking independent advice or otherwise as regards any specific transaction contemplated, and you shall accordingly be responsible for any transaction which you ultimately choose to enter into.

THIS NOTICE DOES NOT PURPORT TO DISCLOSE TO OR ADVISE YOU OF ALL OF THE RISKS AND OTHER RELEVANT CONSIDERATIONS AND ANY SIGNIFICANT ASPECT OF ANY TRANSACTION. YOU SHOULD THEREFORE CONSULT YOUR OWN LEGAL, TAX AND FINANCIAL ADVISERS PRIOR TO ENTERING INTO ANY PARTICULAR TRANSACTION.

You should not enter into a transaction unless you fully understand the transaction including at least the following:-

- the nature of the transaction and the market underlying such transaction;
- the terms and conditions of such transaction;
- the extent of the financial and economic risk to which you are exposed as a result of such transaction;
- the income tax treatment of such transaction; and
- the regulatory and accounting treatment of such transaction.

Furthermore, before you enter into any transaction, you should consider, among other things, the following points:-

1. **Suitability:** You should determine whether a product and the transaction proposed to be entered into by you is appropriate in the light of your experience in similar transactions, your objectives in engaging in the transaction, your financial resources and other relevant circumstances. If you are not sure that the transaction is suitable for you, you should consult your own legal, tax and financial advisers before entering into the transaction.
2. **Market Risk:** Your gains or losses under a transaction may be linked to changes in the market(s) to which the transaction is linked and such market(s) may not perform in tandem with the local market which you may be familiar with. You may therefore be exposed to volatility in such market(s), which may be greater than the volatility of the local market you may be familiar with. Furthermore, the extent of your loss or profit in a transaction may be greater or less than the corresponding movements in the market(s).
3. **Credit Risk:** You are exposed to the credit risk of the counterparty with whom you are matched, or with whom you contract. In any transaction, you are exposed to our credit risk, other than the transactions where we act as broker or agent. In such cases, you will be exposed to the credit risk of the third party with whom you are contracting, which may be lower or higher than our credit risk.

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4. **Economic Risk:** Because the prices and characteristics of over-the-counter transactions are individually negotiated and there is no central source for obtaining prices, there are inefficiencies in transaction pricing. We consequently cannot and do not warrant that our prices or the prices we secure for you are or will at any time be the best price available to you. We may make a profit from a transaction with you no matter what result the transaction has from your point of view.
5. **Liquidity Risk:** Execution and/or liquidation of your positions may, in certain circumstances, be difficult or impossible. These circumstances include, for example, suspension of trading, extreme market conditions, failure of telecommunications or electronic systems, and events commonly known as “force majeure”. Your ability in such circumstances to make a value or risk assessment, or to make a calculation of a fair price, would also be adversely affected. Even, if you give a “stop-loss” or “stop-limit” order, these may be impossible to execute.
6. **Exchange Risk:** You may be exposed to currency fluctuation risk where you enter into a transaction involving different currencies, or in a base currency other than one in which you use in your ordinary business or hold in your accounts. Any loss incurred by you as a result of the relevant rates for the conversion of any monies from the base currency to the currency in which you keep your accounts (i) may be greater than the profits from the transaction when measured against the base currency of that transaction or (ii) may increase the amount of the loss you suffer in the transaction itself.
7. **Transaction Costs:** Your net returns from a transaction would also be affected by the transaction costs (i.e. commission, fees and other charges) charged by us.
8. **Margin/Collateral:** We may require that you provide margin or collateral to support your obligations under transactions you trade with or through us.

Where a transaction is leveraged, you should note that a small market movement in the underlying market will have a multiplying effect on your corresponding loss, and such losses may exceed the amount of margin deposited with us. In such a situation, you would be required to top-up any such shortfall by depositing additional margin with us.

Generally, we are entitled to liquidate your positions to meet any shortfall in margin or collateral requirements.

9. **Structured Transaction with Multiple Instruments:** Where a transaction is made up of several instruments, you should be aware that there is risk associated with each instrument evaluated separately and the risk of the transaction evaluated as a whole.

We strongly suggest that you independently review all materials (as supplied by us from time to time to you and as supplemented with your own independent advice which you are encouraged to take) pertaining to the risks associated with any transaction.