

FOREIGN EXCHANGE FORWARD (Short & Long term) PRODUCT AND RISK DISCLOSURE STATEMENT

DESCRIPTION

Foreign exchange forward transaction (“**FX Forward**” or “**Transaction**”) means an over-the-counter derivative involving the exchange of two currencies on a specified date in the future at a rate agreed on the date of the contract.

Product Objective

Counterparty’s objective is to predetermine the exchange rate to buy/ sell one currency against another on a pre-determined future date for a specific notional. FX Forward may have following tenors (*with all other features remaining same*):

- Short term FX Forward – Tenor upto 13 months;
- Long term FX Forward – Tenor more than 13 months.

Product Features

- Settlement of the FX Forward is done by delivery of the respective currencies on Value Date.
- The tenor can be less than/ more than 13 months.

Sensitivity analysis

The mark-to-market value of FX Forward is sensitive to:

- Interest Rates of Currency 1
- Interest Rate of Currency 2
- Currency 1/ Currency 2 Foreign Exchange Rate
- Time to Maturity

KEY PRODUCT RISKS

- Fluctuations in the mark-to-market value of the FX Forward due to the movements in Spot FX rates and forward premium.
- No participation in any favorable market movement post executing the FX Forward.
- FX Forward being a separate contract from the underlying exposure, the two may not always move in tandem or even similarly.
- Cancellations, extensions or early deliveries of a FX Forward may result in a financial loss.

KEY PRODUCT BENEFITS

FX Forward would enable the Counterparty to shift its exposure from one currency to another and hedge the underlying risk against any adverse movement. If held till maturity it will give the desired returns expected at inception.

CONTRACT TERMS AND CONDITIONS¹**General Terms**

Counterparty:	[•] (“ Counterparty ” or “ Party A ”)
Bank:	DBS Bank India Ltd., (“ DBS ” or “ Party B ”)
Trade Date:	[•]
Amount DBS Sold	[Currency 1] [Notional 1]
Amount DBS Bought	[Currency 2] [Notional 2]
Foreign Exchange Rate:	[•]
Value Date:	[•]
Other Terms:	
Termination/Unwinding	Termination/ unwind value to be calculated and communicated by DBS and any gain/ loss on account of same to be settled as per extant guidelines of the Reserve Bank of India (“ RBI ”).
Documentation:	DBS Fx Terms & Conditions/ DBS Master Agreement/ (as applicable) and Confirmation.
Underlying	Underlying deposit documentation as per RBI extant guidelines.
Costs and Fees	Foreign Exchange Rate would be inclusive of margins on account of various costs (such as administrative expense, credit charges, funding charges, capital cost etc.) incurred in relation to FX Forward.
Pay-off Profile	On the value date of FX Forward : DBS would receive amount DBS Bought from Counterparty. DBS would pay amount DBS Bought for Counterparty.

ILLUSTRATION²

Counterparty:	ABC Limited (“ Counterparty ” or “ Party A ”)
Bank:	DBS Bank India Ltd., (“ DBS ” or “ Party B ”)
Trade Date	31 st May 2022
Amount DBS Bought	USD 100,000.00
Amount DBS Sold	INR 8,610,000.00
Foreign Exchange Rate	86.10
Value Date	31-Mar-2025

¹ These terms and conditions is provided for illustrative purposes only.

² This is provided for illustrative purposes only.

On the Value Date, independent of the ongoing USD/INR exchange rate, below mentioned payoff would happen under the Transaction:

Pay-off On 31-Mar-2025:
 DBS would Receive USD 100,000.00 from Counterparty.
 DBS would Pay INR 8,610,000.00 to Counterparty.

SCENARIO ANALYSIS

All figures and scenarios are for above mentioned illustration only, and do not represent all possible outcomes of the FX Forward or describe all factors that may affect the value of the FX Forward. It is not indicative of the actual or future performance of the FX Forward. Actual outcomes and pay-outs from the FX Forward may vary from those illustrated below and such variations may be significant.

Gain/(Loss) to Counterparty (Currency 2) on Value Date = (Amount DBS Sold (Currency 1) multiply by prevailing Currency 1/ Currency 2 Spot Rate) minus (Amount DBS Bought (Currency 2))

Below table shows a few sample scenarios for Foreign Exchange Rate for the Value Date as an illustration. Scenario aims to show how the value of net amounts payable/receivable by Counterparty on the Value Date will vary with variation in Foreign Exchange Rate. The values shown below for USD/INR Foreign Exchange Rate are purely hypothetical

Value Date	Amount DBS Bought (USD)	Amount DBS Sold (INR)
31-Mar-2025	100,000.00	8,610,000.00

USD/INR Foreign Exchange Rate	Unwind Gain/(Loss) to Party A (INR) on Value Date
85.10	100,000.00
86.10	-
87.10	(100,000.00)

GENERIC RISKS

- SUMMARY INFORMATION ONLY**

This document contains summary information only. It does not contain all of the terms and conditions (material or otherwise) of this Transaction and the Counterparty is advised to review all of the documents referred to under the section headed "Documentation".

- TENOR OF TRANSACTION**

Counterparty should be satisfied with the entire tenor of the Transaction. Counterparty should note that any transaction with a longer tenor will be associated with higher risks and usually involve higher cost of early termination if early termination is permitted.

- COUNTERPARTY SUITABILITY**

Counterparty should ensure that they understand the characteristics of the Transaction and the nature of the risks associated therein and that they consider the suitability of the Transaction in the light of their own circumstances and financial condition and that they have the ability to enter into the Transaction as well as withstand the potential financial loss.

- **SEPARATE TRANSACTION FROM CONTRACTED EXPOSURE/ ANTICIPATED EXPOSURE**

The Transaction is a separate transaction from the contracted exposure/ anticipated exposure. The payment dates, payment amounts, the definition of Business Day and Floating Rate Option and all the other terms governing the Transaction would be set out in the final term sheet. There may be mismatches with the corresponding terms of the contracted exposure/ anticipated exposure.

- **CONCENTRATION RISK**

Counterparty should be satisfied that they are not over exposed to any particular interest rate or currency or transaction of any particular types. Counterparty should satisfy that the Transaction does not form a substantial portion of its investment portfolio.

- **BANK'S HEDGING ACTIVITIES MAY AFFECT INTEREST AND EXCHANGE RATES**

The Bank and/or its affiliates may enter into hedging transactions in the market to enable the Bank to fulfil its obligations under the Transaction. These hedging transactions may affect the relevant interest and/or exchange rates.

- **THERE ARE POTENTIAL CONFLICTS OF INTEREST**

The Bank and its affiliates play a variety of roles in connection with the Transaction, including acting as counterparty and calculation agent and hedging its obligations under the Transaction. The Bank and/or its affiliates may also enter into, adjust and unwind transactions relating to the relevant interest rates and/or currencies, whether for its or its affiliates' proprietary accounts or for accounts under management or to facilitate transactions on behalf of other counterparties or otherwise. In carrying out these roles, the Bank's economic interests and those of its affiliates may be potentially against the Counterparty's interests as the counterparty in the Transaction

- **PAST PERFORMANCE**

Past performance of the underlying interest rates is not necessarily a guide to the future performance of the Transaction. The value of the Transaction can go down as well as up.

- **PRICING, VALUATION AND UNWIND:**

The Bank may price, value and unwind the Transaction or any part thereof on the basis of such pricing models, methodologies, assumptions and factors as the Bank, acting in good faith and in a commercially reasonable manner, deems appropriate.

- **LIQUIDITY RISK**

The Transaction is a contractual obligation by the Counterparty from the trade date to the maturity or termination date. No early uplift, withdrawal, modification or termination of the Transaction is permitted except with the Bank's prior agreement or otherwise provided under the Transaction.

If the Transaction is early terminated or modified, the Counterparty may suffer losses and will have to compensate the Bank for costs (if any) incurred by the Bank in replacing or obtaining the economic equivalent of the Transaction as a result of a modification or early termination requested by the Counterparty and such losses and costs may be substantial.

- **INTERACTION RISK**

Different types of risks may interact unpredictably, particularly in times of market stress.

- **MARK-TO-MARKET RISK**

Counterparty bears the downside risk of the mark-to-market (MTM) value fluctuation of the Transaction. The Counterparty needs to be aware the MTM value of the Transaction is

determined by many market factors and is calculated in accordance with the internal valuation model of the Bank. Hence, the value may be significantly different from the intrinsic value calculated by simple arithmetical method.

- **CREDIT RISK**

The Counterparty is taking on the credit risk of DBS Bank India Ltd with respect to all payments due under the Transaction. The latest annual statutory accounts and other information on DBS Bank Ltd are available on its website at <https://www.dbs.com/india>.

In the worst case scenario, where DBS Bank India Ltd defaults on its payment obligations under the Transaction, the Counterparty will receive no payment.

- **NO ASSURANCE OF THE TRANSACTION ACHIEVING YOUR DESIRED HEDGING OBJECTIVES**

Where the Transaction will be used by the Counterparty as a hedging tool, Counterparty should note there may be imperfect correlation (sometimes referred to as “basis risk”) between changes in the value of the Transaction and the particular exposures that Counterparty wishes to hedge. Counterparty should be comfortable with the risks associated with the potential mis-match between its exposure under the Transaction and the exposure under its other businesses or transactions. Such mis-match may arise from any potential excessive hedging, inadequate hedging or loss of hedge in certain circumstances.

DISCLAIMER

This statement shall be deemed to have been shared with the Counterparty before every trade, unless otherwise requested for by the Counterparty in writing.

This statement has been prepared for general information purposes only and is provided to you on a confidential basis and it does not constitute either (i) legal, commercial or professional advice or (ii) an offer, an invitation or a recommendation to enter into any transaction, and (in each case) should not be relied on as such.

This statement is provided to you on the understanding that (i) you have sufficient knowledge, experience, and professional advice to make your own evaluation of the merits and risks of a transaction of this type and (ii) you are not relying on us or on any of our affiliates for information, advice or recommendations of any sort. You should enter into a transaction only if you fully understand the nature of the transaction, any applicable margin requirements and the nature and extent of your exposure to risk and to loss as well as the legal, tax, accounting or other material characterizations and consequences of the transaction. You should carefully consider whether and be satisfied that the transaction is appropriate for you in the light of your objectives, experience, financial position, risk management and operational resources and other relevant circumstances. In case of doubt, you should consult your own professional advisers.

Further, the information contained herein may be incomplete or condensed and may be based on information or opinions obtained from third party sources which DBS believes to be reliable as at the date it was provided however, and to the maximum extent permitted by law, DBS makes no representation or warranty (express or implied) as to its accuracy, completeness or correctness of that information or opinion for any particular purpose. DBS does not accept or assume any liability for the information set out in the statement nor for any loss or damages of any kind incurred by the recipient or anyone in connection with acting or refraining to act on such information. Information contained in the statement may not be reproduced, quoted, or disseminated (in whole or part) without prior consent of DBS and is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution, publication, availability, or use would be contrary to applicable law or regulation (including any licensing or registration requirement).

We are acting on a principal-to-principal basis and not acting as your advisor or agent or in any fiduciary capacity to you. This statement does not purport to identify all the risks (direct or indirect) or other material considerations which may be associated with you entering into the transaction.

Subsequent changes to applicable laws, regulation and industry guidance may have an impact or affect the contents of this statement. By providing the statement, DBS is under no obligation to update or review the information comprised in the statement after the date it was provided or to notify the recipient of any subsequent changes affecting the statement (whether in whole or part) arising following updates to applicable laws, regulation or industry guidance. Where the statement is publicised to the recipient by way of a website the date it was first uploaded electronically by DBS shall be construed as the date the statement was initially published and accordingly, if any revisions are made to the website after it is published, DBS shall not be required to notify the recipient of all or any such amendments or revisions.