



INR OIS RECEIVER SWAPTION WITH PHYSICAL SETTLEMENT

A
21-May-2024

Indicative Terms and Conditions

(subject to internal approvals and final documents)

The terms and conditions set out in this term sheet are indicative only and are subject to, amongst other things, alteration, satisfactory legal documentation and Deutsche Bank AG's internal approvals. Prior to trading, this term sheet is not binding. Following the entry into the transaction by the parties on the Trade Date, this document is subject to a trade confirmation which will confirm the terms of this transaction (the "Transaction"). In the event of any discrepancy between (i) this term sheet and (ii) the confirmation, the terms of the confirmation will govern.

By entering into this INR Receiver Swaption ("Swaption") transaction ("Transaction"), XXXX (also referred to in this term sheet as "Party B"), agrees, acknowledges, confirms, represents and warrants to Deutsche Bank AG Mumbai Branch ("DB" or "Party A") that:

- 1) it is entering into this Transaction for the purpose of hedging its underlying exposure;
- 2) it is categorised as a "non-retail user" under the Rupee Interest Rate Derivatives (Reserve Bank) Directions, 2019, issued vide RBI circular dated 26 June 2019 (as may be amended / modified from time to time);
- 3) it has evaluated and understands the risks and the benefits of the Transaction and has obtained all legal, tax, accounting, financial or other professional advice as it deems appropriate from its independent advisers, and it believes that in light of its own and its affiliates' objectives and circumstances, including all applicable commercial parameters, the Transaction is an effective hedge to the underlying exposure
- 4) it is able to bear the economic risks of the Transaction and it agrees that DB has no obligation to support any costs, losses, liabilities and/or expenses directly or indirectly sustained or incurred by you for any reason whatsoever arising out of, or in connection with, the Transaction;
- 5) following the entry into this Transaction, it will be in compliance with all applicable laws and regulations as well as any agreements or other obligations to which it (i.e. Party B) or its affiliates are subject;
- 6) DB is not acting as a fiduciary for or adviser to it in respect of this Transaction;
- 7) it is not relying on any communication (written or oral) of DB as investment advice or as a recommendation to enter into this Transaction, it being understood that information and explanations related to the terms and conditions of this Transaction shall not be considered to be investment advice or a recommendation to enter into this Transaction. No communication (written or oral) received from DB shall be deemed to be an assurance or guarantee as to the expected results of this Transaction; and
- 8) if the Transaction is entered into between Party B and DB, DB has entered into the Transaction in express reliance upon the foregoing agreements, acknowledgments, representations and warranties and would not have entered into the Transaction otherwise.

Please note that steep mark-to-market losses may occur under this Transaction. The maximum mark-to-market loss may be unlimited. You are advised to seek independent professional advice on any risks that you do not fully understand or feel comfortable with.



GLOBAL MARKETS

1. General Terms

Party A	:	Deutsche Bank AG, Mumbai Branch
Party B	:	XXXX
Trade Date	:	21-May-2024

2. Terms Relating to INR Receiver Swaption

Seller	:	Party B
Buyer	:	Party A
Notional Amount	:	INR 2,000,000,000
Premium	:	INR 5,700,000
Premium Payment Date	:	22-May-2024

3. Terms relating to both Swaptions

3A. Procedure for Exercise

Exercise Date	:	Expiration Date
Expiration Date	:	21-Jun-2024
Expiration Time	:	11:30 a.m. Mumbai time
Partial Exercise	:	Inapplicable
Written Confirmation of Exercise	:	Applicable
Automatic Exercise	:	No

3B. Settlement Terms

Settlement	:	Physical Settlement
Settlement Currency	:	INR

**4(a). General Terms for the Receiver Swap to which the INR Receiver Swaption relates are as follows:**

Swap Notional Amount	:	2,000,000,000
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Effective Date	:	24-Jun-2024
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Termination Date	:	24-Jun-2029
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Fixed Amounts

Fixed Rate Payer	:	Party B
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Fixed Rate Payer Amount	:	Notional Amount
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Fixed Rate Payer Calculation Period	:	Each period from and including one Fixed Rate Payer Payment Date to but excluding the next Fixed Rate Payer Payment Date except that (a) the first Fixed Rate Payer Calculation Period shall commence on and include the Effective Date and (b) the final Fixed Rate Payer Calculation Period shall end on, but exclude, the Termination Date
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Fixed Rate Payer Period End Dates	:	On the 24th day of Jun and Dec of each year and ending on (and including) the Termination Date, subject to adjustment in accordance with the Fixed Rate Payer Business Day Convention (as detailed in Schedule A-1)
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Fixed Rate Payer Payment Dates	:	On the 24th day of Jun and Dec of each year and ending on (and including) the Termination Date, subject to adjustment in accordance with the Fixed Rate Payer Business Day Convention (as detailed in Schedule A-1)
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Fixed Rate	:	6.39% p.a.
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Fixed Rate Day Count Fraction	:	ACT/365 (Fixed)
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Compounding	:	Not Applicable
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Fixed Rate Payer Business Days	:	Mumbai
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Fixed Rate Payer Business Day Convention	:	Modified Following
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Floating Amounts

Floating Rate Payer	:	Party A
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Floating Payer Amount	:	Notional Amount
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Floating Rate Payer Calculation Period	:	Each period from and including one Floating Rate Payer Payment Date to but excluding the next Floating Rate Payer Payment Date except that (a) the first Floating Rate Payer Calculation Period shall commence on and include the Effective Date and (b) the final Floating Rate Payer Calculation Period shall end on, but exclude, the Termination Date
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Floating Rate Payer Period End Dates	:	On the 24th day of Jun and Dec of each year and ending on the Termination Date, subject to adjustment in accordance with the Floating Rate Payer Business Day Convention (as detailed in Schedule A-1)
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Floating Rate Payer Payment Dates	:	On the 24th day of Jun and Dec of each year and ending on the Termination Date, subject to adjustment in accordance with the Floating Rate Payer Business Day Convention (as detailed in Schedule A-1)
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Floating Rate Option	:	Daily Compounded Overnight NSE MIBOR
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Reset Date	:	Last day of each calculation period
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Business Day for Reset	:	Mumbai
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GLOBAL MARKETS

Spread	:	0 bps
Floating Rate Day Count Fraction	:	ACT/365 (Fixed)
Compounding	:	Applicable
Floating Rate Payer Business Days	:	Mumbai
Floating Rate Payer Business Day Convention	:	Modified Following
4(b) Early Termination on Swap	:	NA

5. Other Terms		
Relevant City(ies) for Business Day for Settlement Date(s)	:	Mumbai
Business Day Convention	:	Modified Following
Calculation Agent	:	Party A
Governing Law	:	English law
Documentation	:	2002 ISDA Master Agreement as may be amended, supplemented and modified by way of a Schedule thereto and, if applicable, any applicable Credit Support Annex
Consent to Disclosure		Each party consents to the communication or disclosure by the other party of information in respect of or relating to this Transaction to such other party's branches, subsidiaries and Affiliates, as required by law or regulation, as requested by any government or regulatory authority, for the purpose of trade reporting and, with respect to Party B only, communication or disclosure by Party A of such information to any other party for the purpose of hedging or risk managing Party A's exposure under this Transaction

SCHEDULE A

Floating Rate Payer Period Start Dates and Fixed Rate Payer Period Start Dates	Floating Rate Payer Period End Dates and Fixed Rate Payer Period End Dates	Floating Rate Payer Payment Dates and Fixed Rate Payer Payment Dates	INR Notional Amount
24-Jun-2024	24-Dec-2024	24-Dec-2024	2,000,000,000
24-Dec-2024	24-Jun-2025	24-Jun-2025	2,000,000,000
24-Jun-2025	24-Dec-2025	24-Dec-2025	2,000,000,000
24-Dec-2025	24-Jun-2026	24-Jun-2026	2,000,000,000
24-Jun-2026	24-Dec-2026	24-Dec-2026	2,000,000,000
24-Dec-2026	24-Jun-2027	24-Jun-2027	2,000,000,000
24-Jun-2027	24-Dec-2027	24-Dec-2027	2,000,000,000
24-Dec-2027	24-Jun-2028	24-Jun-2028	2,000,000,000
24-Jun-2028	24-Dec-2028	24-Dec-2028	2,000,000,000
24-Dec-2028	24-Jun-2029	24-Jun-2029	2,000,000,000



TERMSHEET DISCLAIMER - IMPORTANT NOTICE

We are providing this term sheet in our capacity as a counterparty acting at arm's length.

In providing this term sheet, we are assuming that your organization is capable of evaluating the merits and risks of any transaction described in it, its suitability for your organization's purposes and its legal, taxation, accounting and financial implications and that in making this evaluation you are not relying on any recommendation or statement by us. You should ensure that you have independently assessed these things and fully understand any transaction. You should also consider seeking advice from your own advisers in making this assessment. In particular, we are not acting as your adviser or assuming any duty of care in this respect.

Trading in futures, commodities, currencies or derivatives can be risky and not appropriate for all persons. Under some market conditions it may be impossible to liquidate a position. Losses incurred in trading can be substantial and can exceed the funds deposited. The use of leverage in derivatives transactions can lead to large losses as well as large gains. Markets referred to in this document can be highly volatile.

We or our affiliates or persons associated with us or such affiliates ("Associated Persons") may at any time maintain as part of our hedging or trading activities a long or short position in securities referred to herein or underlying constituents thereof, or in related futures or options, purchase or sell, make a market in, or engage in any other transaction involving such securities, as well as earn brokerage or other compensation. Whilst Deutsche Bank's trading or hedging activities are not intended to have any significant impact upon prices, our dealings could affect the price you pay or receive for transactions in these or related securities.

Payments under this proposed transaction are linked to a particular market measure, reference entity, security or credit, the performance of which may affect the amount or timing of payments to be made or received in connection with this proposed transaction. Entering into this transaction therefore reflects a particular market view you have taken independently. Such linkage may result in the return of less than your original investment, or cause payments made by you to exceed payments received by you, if that market view does not prevail at the relevant times under the terms of this transaction.

To the extent permitted by applicable law, none of Deutsche Bank AG, its affiliates, or any officer or employee of Deutsche Bank AG or any of its affiliates, accepts any liability whatsoever for any direct or consequential loss arising from any use of this term sheet or its contents, including for negligence.

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RISK DISCLOSURE STATEMENT FOR TREASURY AND FINANCIAL DERIVATIVE TRANSACTIONS

Description and Rationale

Party B by entering a strangle swaption is enabled to hedge the Interest Rate risk to a particular strike by paying a premium.

Scenarios at Expiration Date

- 1) On the option expiration date, strike rate of the Swaption (6.39%) is equal to the then prevailing 5Y OIS swap rate in the market**

Party A does not choose to exercise both the options and does not enter the swap trade. Party B makes a gain to the extent of premium received on the transaction, which is equal to INR 5,700,000

- 2) On the option expiration date, strike rate of the strangle (6.39%) is higher than the then prevailing 5Y OIS swap rate in the market**

Party A exercises the receiver swaption and enters the receiver swap. Party A would not exercise the payer swaption and Party B will make a gain to the extent of premium received on the payer swaption leg.

Net profit/loss for Party B will equal Premium received on payer swaption leg (INR 5,700,000) + Net payments on the underlying receiver swap

The scenarios for the receiver swap payments have been highlighted below

Key terms of the swap for the 3 scenarios below:

- Fixed Rate (strangle strike): 6.39%
- Payment Frequency: Semi-Annual
- Tenor: 5 Year
- Notional of Swap (INR): 2,000,000,000

Assumed Floating Rate fixing (as of option expiry date) for the scenarios below: 5.99%

Scenario – 2A: Floating reference rate does not change through the swap tenor

Payment dates	Party B Receives (Floating Leg)	Floating Rate fixing	Party B Pays (Fixed Leg)	Net payment to(+ve)/by(-ve) Party B
24-Dec-2024	119,800,000	5.99%	127,800,000	-8,000,000
24-Jun-2025	119,800,000	5.99%	127,800,000	-8,000,000
24-Dec-2025	119,800,000	5.99%	127,800,000	-8,000,000
24-Jun-2026	119,800,000	5.99%	127,800,000	-8,000,000
24-Dec-2026	119,800,000	5.99%	127,800,000	-8,000,000
24-Jun-2027	119,800,000	5.99%	127,800,000	-8,000,000
24-Dec-2027	119,800,000	5.99%	127,800,000	-8,000,000
24-Jun-2028	119,800,000	5.99%	127,800,000	-8,000,000
24-Dec-2028	119,800,000	5.99%	127,800,000	-8,000,000
24-Jun-2029	119,800,000	5.99%	127,800,000	-8,000,000

**Scenario – 2B: Floating reference rate increases by 25bps every 6 months**

Payment dates	Party B Receives (Floating Leg)	Floating Rate fixing	Party B Pays (Fixed Leg)	Net payment to(+ve)/by(-ve) Party B
24-Dec-2024	111,800,000	5.59%	127,800,000	-16,000,000
24-Jun-2025	116,800,000	5.84%	127,800,000	-11,000,000
24-Dec-2025	121,800,000	6.09%	127,800,000	-6,000,000
24-Jun-2026	126,800,000	6.34%	127,800,000	-1,000,000
24-Dec-2026	131,800,000	6.59%	127,800,000	4,000,000
24-Jun-2027	136,800,000	6.84%	127,800,000	9,000,000
24-Dec-2027	141,800,000	7.09%	127,800,000	14,000,000
24-Jun-2028	146,800,000	7.34%	127,800,000	19,000,000
24-Dec-2028	151,800,000	7.59%	127,800,000	24,000,000
24-Jun-2029	156,800,000	7.84%	127,800,000	29,000,000

Scenario – 2C: Floating reference rate decreases by 25bps every 6 months

Payment dates	Party B Receives (Floating Leg)	Floating Rate fixing	Party B Pays (Fixed Leg)	Net payment to(+ve)/by(-ve) Party B
24-Dec-2024	127,800,000	6.39%	127,800,000	
24-Jun-2025	122,800,000	6.14%	127,800,000	-5,000,000
24-Dec-2025	117,800,000	5.89%	127,800,000	-10,000,000
24-Jun-2026	112,800,000	5.64%	127,800,000	-15,000,000
24-Dec-2026	107,800,000	5.39%	127,800,000	-20,000,000
24-Jun-2027	102,800,000	5.14%	127,800,000	-25,000,000
24-Dec-2027	97,800,000	4.89%	127,800,000	-30,000,000
24-Jun-2028	92,800,000	4.64%	127,800,000	-35,000,000
24-Dec-2028	87,800,000	4.39%	127,800,000	-40,000,000
24-Jun-2029	82,800,000	4.14%	127,800,000	-45,000,000



Sensitivity Analysis:

Key risks:

- 1) Increase in Floating interest rate reference
- 2) Decrease in Volatility in interest rate

Building Blocks:

- 1) INR Rates
- 2) Volatility in INR Rates

Day -1 stress case Mark to Market analysis

The DV01 for the swaption on day-1 is about 7500 and the trade MTM is expected to change by about INR 615,000 for a basis point move in the underlying floating reference rate

**To: The Derivative Counterparty**

PROSPECTIVE COUNTERPARTIES ARE ADVISED TO CAREFULLY READ THIS RISK DISCLOSURE STATEMENT. THE RISKS CONTAINED HEREIN ARE NOT, AND ARE NOT INTENDED TO BE, A COMPLETE LIST OF ALL RISKS AND CONSIDERATIONS RELEVANT TO THE PROPOSED TRANSACTION.

We are providing this risk disclosure statement to you in order to draw your attention to certain of the principal risks associated with individually negotiated over-the-counter ("OTC") derivative transactions and exchange traded derivatives, including but not limited to, transactions such as forwards, options, swaps, and any combination thereof (hereinafter collectively called "Transactions") and to confirm the nature of our relationship with you in the context of the Transactions between you and us.

Before entering into a Transaction with us, you should ensure that you fully understand the terms of the Transaction, the relevant risk factors, the nature and extent of your risk of loss and the nature of the contractual relationship into which you are entering. You should also carefully evaluate whether the Transaction is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances, and whether you have the operational resources in place to monitor the associated risks and contractual obligations over the term of the Transaction.

Unless we have expressly agreed in writing to act as your adviser with respect to a particular Transaction pursuant to terms and conditions specifying the nature and scope of our advisory relationship, we are acting in the capacity of an arm's length contractual counterparty to you in connection with Transactions and not as your financial adviser or fiduciary. Accordingly, unless we have so agreed to act as your adviser, you should not regard transaction proposals, suggestions or other written or oral communications from us as recommendations or advice or as expressing our view as to whether a particular Transaction is appropriate for you or meets your financial objectives. If you have not entered into a written advisory agreement with us and you believe you need assistance in evaluating a particular Transaction or the risks and potential benefits involved, you should consult other appropriate advisers before entering into the Transaction.

Transactions, like other financial transactions, involve a variety of significant risks. The specific risks presented by a particular Transaction necessarily depend upon the terms of the Transaction and your circumstances. All Transactions involve some combination of the following types of risk:

Market Risk is the risk that the value of a Transaction will be adversely affected by fluctuations in the level or volatility of or correlation or relationship between one or more market prices, rates or indices or other market factors or by illiquidity in the market for the Transaction or in a related market. In particular leveraged Transactions will entail a higher degree of risk as the losses arising from a small market movement will be multiplied and you may be required to provide substantial margin at short notice to meet your obligations. Failure to meet such obligations may result in us having to liquidate your position at a loss for which you would be liable. You should also note that while we will seek to observe "stop loss" and "stop limit" orders, market conditions may prevent us from executing any "stop loss" or "stop limit" orders which may have been previously agreed.

Credit Risk and Counterparty Risk are the risk that we may, under certain circumstances, fail to perform our obligations to you when due.

Funding Risk is the risk that, as a result of mismatches or delays in the timing of cash flows due from or to you under Transactions or related hedging, trading, collateral or other transactions, you will not have adequate cash available to fund current obligations.

Liquidity Risk is the risk that due to prevailing market conditions it may not be possible to liquidate, nor to assess a fair value of your position. In addition, you should be aware that the operation of exchange rules or any power or system failure affecting electronic trading facilities may, in certain circumstances, impair or prevent us from liquidating or executing your Transactions, thus increasing the likelihood of loss.

Operational Risk is the risk of loss to you arising from inadequacies in, or failures of, your internal procedures and controls for monitoring and quantifying the risks and contractual obligations associated with Transactions.

Options Risk is the high degree of risk which may be inherent in option Transactions. The purchaser of an option may offset or exercise the option or allow the option to expire; if the purchased option expires worthless the purchaser will suffer a total loss of his investment which will consist of the option premium plus transaction costs. Selling ("writing" or "granting") an option generally entails considerably greater risk than



purchasing an option; although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount if the seller is not "covered" or hedged.

Currency Risk is the risk that the profit or loss from Transactions in foreign currencies will be affected by fluctuations in currency exchange rates where there is a need to convert from the currency denomination of the Transaction to another currency.

Legal Risk is the risk that in the event of any default in relation to a Transaction by one party, the enforcement by other party of its rights against the defaulting party will be subject to the provisions in the documentation for the Transaction, the choice of governing law and the choice of jurisdiction. Legal proceedings to enforce ones rights may be costly and time consuming and the final court judgment or order may not fully compensate the non-defaulting party fully for the losses or damages suffered by it.

Prepayment & Commitment Risk is the risk that if a Transaction is structured to be held to maturity, early redemption (other than by way of exercise of call or put, if any) will be at our discretion. As such, you should be prepared to commit your funds for the entire tenure of the Transaction. Certain Transactions may also contain our right to call the Transaction prior to maturity date. This right to call the Transaction shall only be exercised by us in accordance with the terms specified. The amount to be received by you in the event of such early call shall be as specified in the product documentation.

Mismatch Risk is the risk of potential mismatches between your own investment or return requirements and the returns on the Transaction, resulting from, inter alia, changes in market rates or early termination of the Transaction.

Other important information concerning OTC Transactions:

An OTC Transaction may only be assigned, transferred, terminated, modified or offset by mutual consent and subject to agreement on individually negotiated terms and accordingly it may not always be possible for you to terminate your obligations or your exposure to the risks associated with a Transaction by terminating or assigning the Transaction prior to its scheduled termination date or by entering into an offsetting transaction.

While market makers and dealers generally quote prices or terms for entering into or terminating Transactions and provide indicative prices or mid-market valuations with respect to outstanding Transactions, we are not contractually obligated to do so. Consequently, it may be difficult for you to establish an independent value for an outstanding Transaction. You should not regard our provision of a valuation or price at your request as an offer to enter into or terminate the relevant Transaction at that value or price, unless the value or price is identified by us as firm or binding.

The price and other terms on which we may enter into or terminate a Transaction are individually negotiated and may not represent the best price or terms available to you from other sources.

We and/or our affiliates may from time take proprietary positions and/or make a market in instruments identical or economically related to Transactions entered into with you. We and/or our affiliates may also undertake proprietary activities, including hedging transactions, related to the initiation or termination of a Transaction with you that may affect the market price, rate, index or other market factor underlying a Transaction entered into with you and consequently the value of the Transaction.

This brief statement does not purport to disclose all of the risks and other material considerations associated with Transactions. You should not construe this generic disclosure statement as business, legal, tax and accounting advice or as modifying applicable law. You should consult your own business, legal, tax and accounting advisers with respect to proposed Transactions and you should refrain from entering into any Transaction unless you have fully understood the associated risks and have independently determined that the Transaction is appropriate for you.

Acknowledgement:

I hereby acknowledge that I have read and fully understood the contents laid out here in, the terms and conditions of the product summarised in this term sheet and its inherent risks and other information on the transaction provided to us, including, but not limited to, the Scenario Analysis, the Important Notice set out below and the Risk Disclosure Statement for Treasury and Financial Derivative Transactions set out above:



Agreed and accepted by

For and on behalf of: **Party B**

Signed: _____

Name: _____

Title: _____

Date: _____

Signed: _____

Name: _____

Title: _____

Date: _____