RBL BANK
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FOREIGN EXCHANGE FORWARD

Products Disclosure Statement (PDS)

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 (more than two business days later) at a rate agreed on the date of the contract. Also, Forward contracts for tenors greater than 13 months are typically referred to as LTFX (Long Term Forwards).

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.

Product Features

- Settlement of the FX Forward is done by delivery of the respective currencies on the maturity of the contract.
- The tenor is more than 2 business days.

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.
- 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 an 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.

Other Terms

Termination / Unwinding:

- Termination / unwind value to be calculated and communicated by RBL and any gain / loss on account of same to be settled as per the extant guidelines of the Reserve Bank of India ("RBI").
- Termination / unwind can be done anytime on or before the maturity date of the contract.
- Termination value would be a function of the prevailing exchange rate and the swap points for the residual period.

Documentation:

- FX Agreements and Board Resolution (or equivalent) for Foreign Exchange Forward Transaction/ ISDA Master Agreement and Post-Deal Confirmation / or any other document prescribed by RBL Bank/ RBI in relation to FX Forward from time to time.
- Underlying documentation as per the RBI extant guidelines

Costs and Fees:

- Foreign Exchange Rate would be inclusive of all margins on account of various costs (such as administrative expense, credit charges, funding charges, capital cost etc.) incurred in relation to FX Forward.
- Statutory levies and charges will be recovered separately, as applicable.

ILLUSTRATON

Counterparty	ABC Limited (**"Counterparty" or "Party A"**)
Bank	RBL Bank Ltd. (**"RBL" or "Party B"**)
Currency Pair	USD.INR
Client BUY/SELL Direction	Client Sell
Contract Amount	USD 100,000/-
Contracted Rate	80.00
Value Date	31st August 2022

Events in a Forward:

- **Utilization:** Party A can utilize the deal on or before the maturity date of the contract i.e. 31st August 2022.
    - On Maturity: Party A will provide USD 100,000 and will get INR 80lakhs as per the Contracted Rate.
    - Early Utilization: Party A can utilize the Forward contract before the maturity date of 31st August 2022. Party A will have to pay EDC or Early Delivery Charge equivalent to the swap points for the residual period, for example, if swap points for residual period is 40paise, then the net rate to Party A will be 79.60 (i.e. 80.00 minus 0.40).
    - Post Maturity Utilization: As per the current extant guidelines of RBI, post the maturity Party A is not permitted to utilize the Forward contract.

- **Termination / Unwind:** Party A can terminate the Forward contract during the tenor of the contract at the prevailing market rate. Gain / loss on account of same to be settled as per the extant guidelines of the Reserve Bank of India.
    - Cancellation on or before maturity date: If Party A terminates the Forward contract at the cancellation forward USD.INR rate of 77 on or before the maturity date, Rs 3 per USD profit in this case i.e. Rs 3lakhs will be credited to Party A's current account on the original maturity date. Similarly, if cancellation forward USD.INR rate is at 82 on the cancellation date, then loss of Rs 2 per USD or Rs 2lakhs will be debited to the current account of Party A on the cancellation date.
    - Cancellation post maturity date: As per the current RBI & FEDAI guidelines, profit on cancellation cannot be passed to Party A, whereas loss will be debited to the account.

[1]This is provided for illustrative purposes only

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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.

CONCENTRATION RISK

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

PAST PERFORMANCE

Past performance of the underlying currency pair 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 RBL Bank with respect to all payments due under the Transaction. The latest annual statutory accounts and other information on RBL are available on its website at ***https://ir.rblbank.com/investor-kit.aspx.***

In the worst-case scenario, where RBL 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 product 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 product 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.

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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, RBL 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 RBL 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, RBL shall not be required to notify the recipient of all or any such amendments or revisions.