



# Product & Risk Disclosure – Cross Currency Swap

# Cross Currency Swap (CCS)



## Product Features

- In a CCS, client swaps principal and coupon payments in one currency on respective repayment dates into another currency, at pre-agreed spot rate (known as swap reference rate) and pays (or receives) relevant swap cost
- The payments on both the legs can be customized in terms of frequency and type (fixed or floating) to meet client requirements

## Benefits

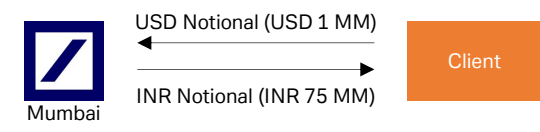
- Protection against FX and/or interest rate risk on principal and coupon payments

## Building Blocks and Primary Risks

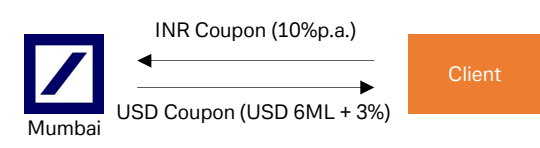
- Interest rate in currency A (ex. USD)
- interest rate in currency B (ex. INR)
- FX risk

## Payoff Illustration for USDINR CCS on USD 1 MM with bullet repayment on maturity, tenor 5Y

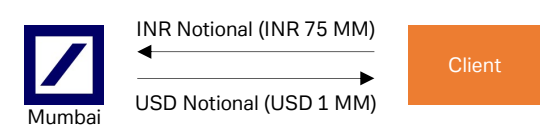
### Initial Exchange



### Interim Exchanges



### Final Exchange



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## Scenario Analysis

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Scenarios below indicate potential gain/loss at maturity in INR Million(per 1 million USD) at different USD/INR Spot Rates for a USD 1 Million CCS at swap reference of 75.00. A positive number indicates that this scenario is in favour of Party B.

USD/INR spot ref on maturity	70	72	74	75	76	78	80
Net mtm (INR Million)	-5.00	-3.00	-1.00	0.00	1.00	3.00	5.00

The above table illustrates possible scenarios of this Transaction and the resulting cash-flows. It is important for Counterparty to acknowledge that there is no limit to the possible scenario variations on this Transaction

Key Risks (Sensitivity Analysis):

Decrease in Modified MIFOR Rates, Increase in USD IRS, Depreciation of USD against INR

## Contract terms and conditions – Option to Unwind and Early unwind date

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An amount equal to Deutsche Bank's total costs or loss (which shall be a positive number) or gain (which shall be a negative number) in connection with terminating all payments and contingent payments that would otherwise have been made under this transaction in the period from but excluding the relevant Optional Termination Date up to and including the originally scheduled Termination date.

Deutsche Bank's total costs or loss shall include, without limitation, any loss of bargain, cost of funding, or loss or cost incurred as a result of Deutsche Bank terminating, liquidating, obtaining or re-establishing any hedge or related position.

Party A shall provide the Mark to Market value of the trade as and when desired by Party B

Client has the option to unwind this trade as specified in the relevant confirmation and subject to unwind costs.

## Costs and Fees

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Transactions of this nature are executed at an all-inclusive price and there would not be any separate breakup and recovery of costs, fees and other charges. Breakup will however be provided as per the extant RBI guidelines. This doesn't include statutory charges/levies and same will be recovered separately as applicable.

# Cross Currency Swap (CCS) - Generic Risks



## Market Risk

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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

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

## Funding Risk

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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

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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

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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.

## Currency Risk

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Currency Risk 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.

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