***Please note that this document is not a financial promotion, and is solely for use by customers of MUFG Bank (Europe) N.V.***

# Product Factsheet for Currency Option contracts

This document is designed to provide you with an understanding of several types of Currency Option products and structures that are being offered by MUFG Bank (Europe) N.V. (MBE) excluding Germany branch.

This Fact sheet does not intend to disclose all of the risks or other relevant considerations of entering into transactions in these products. You should refrain from entering into these transaction unless you fully understand all risks and have independently determined that the transaction is appropriate to you. Also, please note that Currency Option products will not be provided to Retail clients in order to protect clients.

For further information on these products, please contact your relationship manager in MBE.

**Nature and functioning of the products**

A currency option is a contract between the buyer and seller of the option, which for a premium, gives the buyer of the option the right, but not the obligation to enter into a foreign exchange contract at a predetermined date and exchange rate (Strike rate).

The seller of the option has the obligation, not the right, to enter into a foreign exchange contract at a predetermined date and exchange rate.

In MBE, currently the following products are being offered;

| No. | Product Type | Products |
|---|---|---|
| 1 | Currency Option | Plain Vanilla Option |
| 2 | | Any other contract where the buyer/ seller (either the bank or the client) has the right to buy/sell a currency at a certain price (range) in a certain period of time to the seller/buyer (either the bank or the client) such as, but not limited to: Gap, Notch and Digital Vanilla Options. |

The above option products can be combined to create different option structures. Each structure will be tailor made by MBE in order to best match with each client's individual needs in order to best manage their FX exposures. (*However, always protecting the clients and MBE's best interest.)

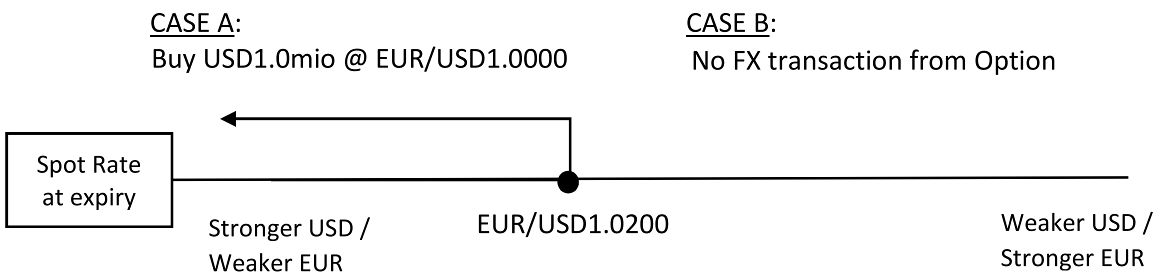
Some examples of currency option structures are illustrated in the following pages.

***1. Plain Vanilla Option (Customer Purchase)***

- Plain Vanilla Option is a premium paying product that provides the option buyer a guarantee of a worst rate at the strike rate.
- The Client can protect a risk of adverse FX moves at worst case scenario of the strike rate while they can fully take an advantage of favorable moves.
- Option premium needs to be paid upfront (Normally 2 business days after Trade Date) and will not be given back to the company.
- Please see below the sample terms and conditions to further understand the economics of this option scheme;

| | |
|---|---|
| Option Scheme | The Client Purchases Plain Vanilla Option |
| Trade Date | 01/04/20XX |
| **Sample Terms and Conditions** | |
| Transaction Type | USD Call / EUR Put Plain Vanilla Option |
| Buyer | The Client |
| Seller | MBE |
| Amount | USD 1,000,000 |
| Strike Rate | EUR/USD 1.0200 |
| Expiry Date* | 28/09/20XX |
| Value Date | 30/09/20XX |
| Option Premium | EURXX,XXX |
| Premiumu Value Date | 03/04/20XX |

*Expiry Date: 2 business days prior to Settlement Date (10am NY Time)




Case A: Spot rate at expiry is equal or below EUR/USD 1.0200

- USD on the expiration date appreciate below the strike rate.
- The Company will exercise the USD Call Option, thus buying USD at 1.0200.

Case B: Spot rate at expiry is above EUR/USD 1.0200

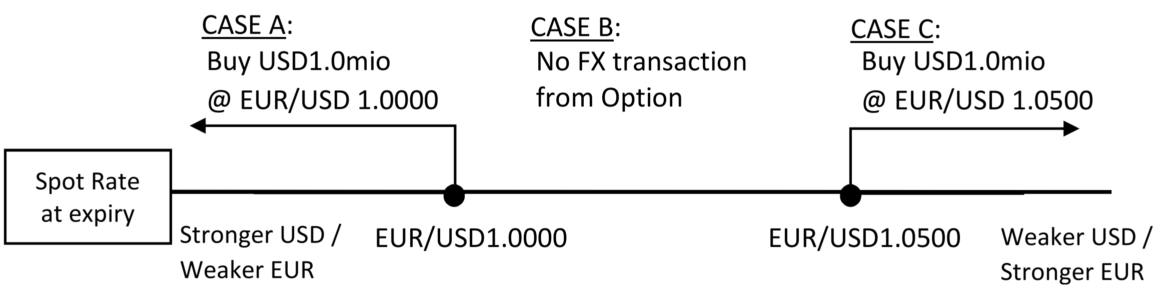
- USD on the expiration date depreciate beyond EUR/USD1.0200.
- No Option exercise at expiry.
- Therefore, the Company can buy USD in the spot market if necessary.

***2. Range Forward Option (Zero Cost Type)***

- Range Forward Option is a zero-cost option structure that obligates the Company to exchange pre-agreed amounts of currencies at a pre-agreed rates when the FX rate is above or below 2 specified levels on Expiry Date.
- With this structure, the Client can protect against the risk of adverse FX moves at the worst case scenario while they can take an advantage of the currency's weakness up to the best case scenario.
- This is a zero cost structure with no upfront premium payment.
- Please see below the sample terms and conditions to further understand the economics of this option structure;

| Option Scheme | Range Forward Option (Zero Cost) | |
|---|---|---|
| Trade Date | 01/04/20XX | 01/04/20XX |
| **Sample Terms and Conditions** | | |
| Transaction Type | Plain Vanilla Option | |
| | USD Call / EUR Put | USD Put / EUR Call |
| Buyer | The Client | MBE |
| Seller | MBE | The Client |
| Amount | USD 1,000,000 | USD 1,000,000 |
| Strike Rate | EUR/USD 1.0000 | EUR/USD 1.0500 |
| Expiry Date* | 28/09/20XX | |
| Value Date | 30/09/20XX | |
| Option Premium | Zero Cost | |

*Expiry Date: 2 business days prior to Settlement Date (10am NY Time)




Case A: Spot rate at expiry is at or below EUR/USD 1.0000
- USD on the expiration date appreciate below the strike rate.
- The Client will exercise the USD Call Option, thus buying USD at 1.0000.

Case B: Spot rate at expiry is between EUR/USD1.000 and 1.0500.
- Neither party exercises its option at expiry.
- Therefore, the Client can buy USD in the spot market if necessary.

Case C: Spot rate at expiry is at or above EUR/USD 1.0500
- USD on the expiration date depreciate beyond the strike rate.
- MBE will exercise its USD Put Option.
- Thus, the Company is obligated to buy USD at 1.0500 even though the prevailing spot rate is better.

**Benefits**

MBE's Currency Option products are tailored to provide transparent and readily understandable FX solutions to our established client base.

Together with other Foreign Exchange products, our currency Option products provide clients with solutions to manage their FX exposures including protection against unfavorable market movement.

**Risks**

- Termination Risk
  Early termination of contract is not allowed once you have contracted. However if early termination is inevitable, you are required to pay a cancellation cost indicated by the bank.
- Price Fluctuation Risk
  At the delivery date, even if the exchange rate becomes more favorable than at the trade date, you must exchange at worse than actual market rate. In this case, you will lose opportunity profit.
- Liquidity Risk and Counterparty Risk
  Suffering a loss, due to an inability to obtain required funds, because of a deterioration of market conditions or MUFG's financial conditions.
- Settlement failures can incur sizeable penalty payments and create reputational damage.
- The Foreign Exchange market is constantly changing. Clients need to appreciate that locking in an FX exposure at a point in time may look less attractive if the FX market moves in favorable directions.
- Clients should be familiar with the legal terms underpinning the contract in case there are material events such as force majeure which can affect the transaction.

**Further information**
For further information on these products please contact your relationship manager in MBE.

# Risk Disclosure Statement

- You should understand and discuss with your professional, tax, legal, regulatory, accounting or other advisers, as appropriate, how the transaction may affect you.
- Derivatives transactions may require mark-to-market accounting for taxation and accounting purposes. It is important that you understand that in such cases differences in values caused by derivatives transaction may result in an overall loss or profit in terms of accounting or taxes.
- The transaction contemplated above (the "Transaction") is outlined on the basis that all rates are indicative only and based on current market data.
- The Transaction will be subject to the agreement of appropriate documentation. Any losses incurred from the Transaction and/or credit situation change of bank are strictly without recourse to us.
- Before entering into any over-the-counter (OTC) derivative transaction, you should carefully consider whether the Transaction is appropriate for you in light of your objectives, experience, financial and operational resources and other relevant circumstances.
- You should also ensure that the rates and terms are appropriate (this may include obtaining comparative quotes from market counterparties).
- Generally, all OTC derivative transactions involve risks including the risk of unanticipated market movements, financial or political developments, illiquidity and related risks and possible operational risks in the event that you do not have in place appropriate internal systems and controls.
- The specific risks of a particular OTC derivative transaction necessarily depend upon the terms of the transaction and your circumstances but precise customization can introduce significant liquidity risk and other risks of a complex character.
- We are acting solely in the capacity of an arm's length contractual counterparty and not in the capacity of your financial adviser or fiduciary.
- We or our affiliates may from time to time (i) have substantial long or short positions in and may make a market in or otherwise buy or sell instruments identically or economically related to the Transaction entered into with you or (ii) earn margin on the Transaction and (iii) have financial interest in matters related to the Transaction without any liability to account for any aspect of them to you.
- Other banking transactions (such as loans, deposits, and foreign exchange) that you may conduct in relation to derivatives transactions are independent of such derivatives transactions. Derivatives transactions obligate neither you nor us to conduct such transactions.
- Early termination of contract is not allowed once the agreement is established (that is at the point when the deal is done via tele-conversation even if the contract is not signed). However, if early termination is inevitable, the customer is required to pay a cancellation cost indicated by the bank. There might be a loss to the customer if the total net cost (including the cancellation cost) is a negative value. The cancellation cost is dependent on the prevailing market rates, at the point of cancellation. The calculation cost may be affected by the contracted rate, market rate at the point of cancellation, principal amount etc.

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