1. Product Description:

This is a structured bond with a 1-year maturity, 6% annual fixed coupon (paid quarterly), and a final redemption linked to CMS1 (1-year constant maturity swap rate). At maturity:

- If CMS1 >= 1%, investor receives 100% of principal.

- If CMS1 < 1%, investor receives principal scaled as: Calc Amount x MAX(Final CMS1 / 1%, 0).

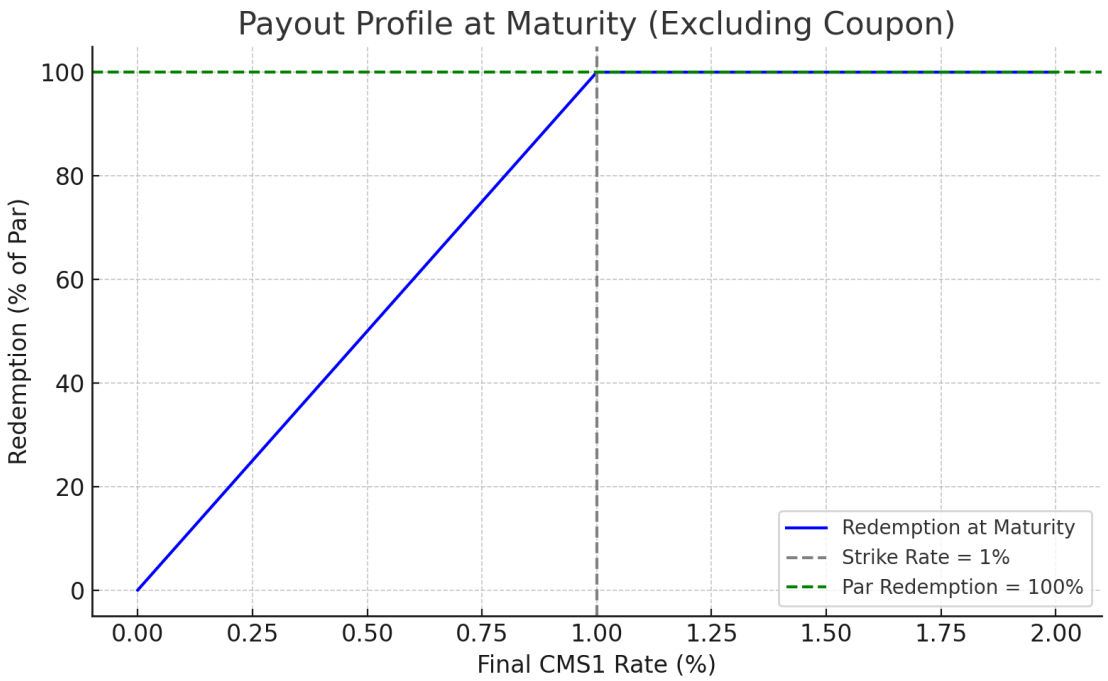
Downside: Investor loses principal if CMS1 < 1%, with worst case receiving $0 if CMS1 = 0%.

Benefit: Investor receives a high 6% fixed coupon, regardless of CMS1, and full principal if CMS1 finishes >= 1%.

2. Payout Profile (Excluding Coupon):

See attached plot. Y-axis: Redemption (% of Par), X-axis: Final CMS1 Rate (%).

Payoff increases linearly from 0% to 1% CMS1, then flattens at 100% par.



3. Embedded Options:

There is a single embedded option affecting redemption:

- Type: Linear put-style option on CMS1

- Underlying: CMS1 (1-year constant maturity swap rate)

- Strike: 1%

- Size: Notional = Calculation Amount = $1,000 (per bond)

- Position: Investor is SHORT the option (issuer is long)

- Expiry: At maturity (1 year)

- Payout: Proportional loss of principal if CMS1 < 1%

4. Risk at Inception (Issuer's Perspective):

- Delta: Positive (issuer gains as CMS1 rises; they owe full principal only if CMS1 >= 1%)

- Vega: Negative (issuer benefits if volatility falls - less chance CMS1 < 1%)

- Gamma: Negative (non-linear exposure to changes in CMS1 near strike)

5. How Risk Changes Over Time:

- As CMS1 rises, delta decreases (less exposure to rate moves)

- As CMS1 approaches 1% from below, gamma increases (steeper payout curve)

- Vega sensitivity is higher when CMS1 is near strike; falls as CMS1 moves away from 1%

6. Why Would an Investor Choose This Product?

- Attractive in low-volatility, range-bound rate environments where CMS1 is expected to stay above 1%

- Good for investors seeking high coupons and willing to take principal risk tied to CMS1

- Investors with a bullish or stable view on short-term swap rates might find this structure rewarding