

This product disclosure statement only highlights the key features and risks of this OTC derivative product (the "Product Disclosure Statement"). Counterparties/Users are advised to request, read and understand the Product Disclosure Statement and all other disclosure documents before deciding to transact.

Interest Rate Cap with Knock-In

STATEMENT OF DISCLAIMER

The Product Disclosure Statement in relation to this Interest Rate Cap with Knock-In (the "Transaction"), includes only indicative terms, conditions and risks (including all indications as to costs, returns and cash flows) associated with the Transaction and although the information set forth below is reflective of the terms, conditions and risks as of a specified date, and is based on current assumptions and market conditions under which JPMorgan believes the Transaction can be carried out, no assurance can be given by JPMorgan that the Transaction could in fact be executed and JPMorgan is not obliged to enter into the Transaction. Information herein is believed to be reliable but JPMorgan does not warrant its completeness or accuracy. This should also not be taken to indicate that JPMorgan recommends the Transaction. Opinions and estimates constitute JPMorgan's judgment and are subject to change without notice. Examples shared are for illustrative purposes only and any past performance is not indicative of future results. Counterparty/User is advised to make an independent review and reach its own conclusion and judgment regarding whether the Transaction is appropriate and proper for it. Counterparty/User needs to consult its own advisors regarding the legal, credit, tax, accounting or any other aspects including suitability implications of the Transaction for its own particular circumstances. This Product Disclosure Statement is not intended as an offer or solicitation for the purchase or sale of any financial instrument. This Product Disclosure Statement has been prepared by JPMorgan Sales and Trading personnel and is not the product of JPMorgan's Research Department. It is not a research report and is not intended as such. JPMorgan or a company or person connected or associated with it may be an underwriter or distributor of, or a market maker or otherwise hold a long or short position as a principal in, a security or financial instrument (or in options, futures, or other derivative instrument related thereto) connected with the Transaction described in this Product Disclosure Statement. JPMorgan is the marketing name for J.P. Morgan Chase & Co. and its subsidiaries and affiliates worldwide. Client should contact analysts at and execute transactions through a JPMorgan entity in their home jurisdiction unless governing law permits otherwise. This Product Disclosure Statement is provided on a confidential basis and may not be reproduced, redistributed or transmitted, in whole or in part, without the prior written consent of JPMorgan. Any unauthorized use is strictly prohibited.

For the purpose of the Product Disclosure Statement, the Transaction is described with US Rates as the underlying. The transaction description is also applicable for Rates

underlying of other currencies. Please use these details in conjunction with other applicable PDS for risks pertaining to transactions

1. What are the features of this product?

This is an interest rate linked over-the-counter (“**OTC**”) derivative product (the “**Transaction**”). This Transaction allows the user to hedge exposure arising out of rising Floating interest rates (Floating Rate Option), with an added barrier mechanism.

The user is hedged against floating rate movement above the Strike Rate, activated upon reaching a pre-agreed Barrier level. This product can be analyzed as an underlying Floating Rate option with the overlay of a ‘barrier mechanism’ of Knock-In type.

A Knock-In barrier means that the underlying derivative payout is activated if the underlying asset reaches a predetermined barrier level at expiry.

This Transaction is suitable for users who wish to hedge their exposure on the underlying floating rate using a Floating Rate Option payoff, but improve the cost - adjusted to additional risk taken of being unhedged until the barrier is reached.

For any particular calculation period during the tenor:

- If the knock-in condition is triggered and USD SOFR-COMPOUND fixes above the Barrier level, the user receives the difference between the USD SOFR-COMPOUND fixing and the Strike Rate on the Notional Amount.
- If USD SOFR-COMPOUND sets below the Strike Rate, no payment is made on the cap for that calculation period.
- If the knock-in condition is not triggered, the cap does not provide protection, and no payment is made regardless of the USD SOFR-COMPOUND fixing relative to the Strike Rate.

Upon purchase, the user usually pays the premium upfront. The user may also pay the premium on a deferred basis as a regular fixed rate coupon computed on the outstanding notional at a predetermined frequency during the life of the transaction. Upon selling, the user (seller in this case) receives the premium.

Decomposition:

- Strip of Cap-lets
- Strip of Binary Cap-lets

2. Contract terms and conditions

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Party A: JPMorgan Chase Bank, N.A., Mumbai Branch

Party B: User

Trade Date: []

Effective Date: []

Termination Date: []

Notional Amount: USD []

Business Day Convention: []

Business Days: []

Interest Rate Option Type: [Cap Option with KI]

Option Buyer: [Party B]

Floating Rate Option: [USD SOFR-COMPOUND]

Strike Rate: []

Calculation Agent: Party A (unless stated otherwise in ISDA (as defined below))

Premium: USD []

Party A Payments

Party A pays (in USD): On each Party A Payment Date, if the knock-in condition is triggered:

Max (USD SOFR-COMPOUND – Strike Rate, 0.00%) * Day Count Fraction * Notional Amount

If the knockout condition is not triggered:

No payment is made regardless of the USD SOFR-COMPOUND fixing relative to the Strike Rate.

Party A Payment Dates: [] on [] of every [] commencing on [] up to and including the Termination Date. All payment dates are subject to adjustment in accordance with the Business Day Convention

Party A Day Count: [], Adjusted

Documentation: ISDA

3. What are the benefits of this product for the user/Party B?

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The Transaction is suitable for users looking to hedge against adverse Floating Rate evolution, with an added knock-in feature for specific conditions.

Users with an underlying short position in the corresponding Floating Rate Option (such as USD SOFR-COMPOUND) can hedge their exposure against increasing future Floating rates fixing above the Strike Rate, provided the knock-in condition is triggered. This still allows users to participate in favorable movements below the Strike Rate. If the knock-in condition is not triggered, the cap does not provide protection, and no payment is made.

Illustration:

- Market maker is Party A, user is Party B
- Notional Amount: USD 1 million
- Effective Date: T+2
- Tenor: 3 years
- Floating Rate Option: USD SOFR-COMPOUND
- Cap Strike: 4.20%
- KI Barrier: 4.50%
- Option Type: Cap with KI
- User buys the Cap with KI, and pays Premium (Upfront Amount) on Effective Date

Scenario	Favorable/ Unfavorable	Calculation Period	USD SOFR- COMPOUND Fixing	Payout (p.a.)
Floating Rate Increases and stays above the Cap Rate	Unfavorable	1	4.30%	0%
	Unfavorable	2	4.40%	0%
	Favorable	3	4.60%	0.40%
Floating Rate Decreases and stays below the Cap Rate	Unfavorable	1	4.10%	0%
	Unfavorable	2	4.00%	0%
	Unfavorable	3	3.90%	0%

4. What are the risks involved?

There are risks associated with this Transaction including, but not limited to, foreign exchange risk, price risk, liquidity risk and credit risk. Users should consult their own financial, legal, accounting, and tax advisors about the risk associated with this Transaction, the appropriate tools to analyze the Transaction, and the suitability of the Transaction in each user's particular circumstances. No user should enter into the Transaction described above unless that user understands and has sufficient financial resources to bear the price, foreign exchange, market, liquidity, structure, and other risks associated with the Transaction.

Interest Rate Risk:

This Transaction is exposed to movements in interest rates. If USD interest rates decrease from current levels, the market value of the Transaction from Party B's perspective may be adversely impacted.

Fixing Risk:

If the Floating Rate decreases and fixes below than the KI Barrier, Party A will make no payments to Party B for that relevant Floating Rate Payer Calculation Period.

Asymmetric Payoff Risk:

This Transaction is constructed by means of a combination of interest rate options. The potential downside resulting from the Transaction could be significantly higher than the potential upside, as is illustrated in the Scenario Analysis herein. Party B should be aware of and recognize the asymmetric nature of what it may receive and/or what it may pay before entering into this Transaction.

Volatility Risk:

This Transaction is exposed to movements in volatility in USD interest rates. If USD interest rates volatilities change from current levels, the MTM of the Transaction from Party B's perspective may be adversely impacted.

Liquidity Risk:

This Transaction is not a readily liquid instrument. There may exist a time when there is a lack of liquidity or low trading volume in the market for the Transaction, and this potential illiquidity could significantly decrease the market value of the Transaction for Party B.

Credit Risk:

This transaction carries the credit risk of the market-maker i.e. Party A.

Ordinary Course of Business:

In the ordinary course of their business, Party A or any of its affiliates or subsidiaries may affect transactions for their own account or for the account of their customers. In conducting such business neither Party A nor any of its affiliates or subsidiaries is obliged to take into account the circumstances of the parties to the Transaction or act in a manner which is favorable to them.

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Such activity may, or may not affect the value of the Transaction, but potential investors should be aware that a conflict may arise.

Potential Conflicts of Interest:

Potential conflicts of interest may exist in the structure and operation of the strategy and the course of the normal business activities of Party A or any of its affiliates or subsidiaries or their respective directors, officers, employees, representatives, delegates or agents of their normal business activities.

Party A has priced, executed and will manage the risks associated with this Transaction in a principal capacity and at arm's length. Party A is not acting as your fiduciary, agent or advisor in

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relation to the execution of this Transaction and management of the associated risks. Party A has made no representation or warranty to you concerning the performance of this Transaction or Party A's other activities and/or competing interests that could conflict with this Transaction at any point during the term of the Transaction.

4. How does the payoff profile look like?

Payoff of the transaction:

USD SOFR-COMPOUND Fixing Rate [^]	Cap Strike	KI Barrier	Range of Underlying Asset	Payoff at Payment Date
S	K	B	$S \leq K$	0
			$K < S \leq B$	0
			$S > B$	$(S - K) \times \text{Notional Amount} \times \text{Day Count Fraction}$

[^] USD SOFR-COMPOUND or any other permitted Floating Rate Option, based on fixing rate observed at Period Start (Standard) corresponding to each Payment Period

5. What are the fees and charges the user will have to pay?

Unless stated otherwise in the termsheet or trade confirmation of the Transaction agreed with the user, the price that Party A quotes to its users is inclusive of any charges, costs etc. that Party A needs to bear in order to offer the Transaction to the user.

6. How often are valuation statements will be available for user/Party B?

Valuation statements in relation to all Transactions executed between parties, which is updated on daily basis, will be made available to Party B on the "Optimize" application present on Party A's online platform, J.P.Morgan Markets ("Optimize Platform"). Party B will be able to view and download such valuation statements from the Optimize Platform for a specific period of time as notified by Party A, from time to time. To the extent Party B wishes to receive any particular valuation statement via email or any other mode of communication, it should reach out to its

representative at Party A and make a request in writing to receive such valuation statement via email or any other mode of communication as agreed between the parties. Party A shall consider Party B's request and if reasonable and operationally practicable, it will share the particular valuation statement requested via email or any alternative mode of communication with Party B.

7. How can the user/Party B exit from this Transaction and what are the costs involved?

Similar to any OTC derivative transaction in case Party B wishes to terminate this Transaction, either in part or in full, prior to the scheduled termination date on any business day, Party B can request Party A to provide an early termination quote, which shall take into account the mid mark to market value of this Transaction from Party A's perspective minus applicable costs which include without limitation, unwind cost, hedging cost, cost of funding, and/or other expenses.

Early termination quote will take into account, among other factors, prevailing market rates, liquidity, price factors, Party A's hedging obligations and such other factors deemed relevant by Calculation Agent in its sole and absolute discretion.

Party B shall communicate to Party A whether they would like to proceed with the early termination/unwind and that early termination quote is accepted by Party B.

- a. If the early termination quote is greater than zero, Party B shall pay such amount to Party A.
- b. Else, Party A shall pay to counterparty the absolute value of the early termination quote.

For avoidance of doubt, upon the payment of early termination quote, this Transaction shall terminate and no further amounts payable by either parties.