

# Key Fact Statements

This KFS should be read in conjunction with the important information contained in the [Disclosure to Citi Markets' Wholesale FICC Products Counterparties](#) which is intended to clarify aspects of the trading relationship between Citi and its clients, customers or counterparties, in FICC (Fixed Income, Currencies and Commodities) markets, including for example that Citi transacts with counterparties as a principal and not agent.

The following are the common types of products that Citibank Tanzania treasury will be offering to its clientele:

## Foreign Exchange

Foreign exchange is the exchange of one currency for another or the conversion of one currency into another currency. Foreign exchange also refers to the global market where currencies are traded virtually around the clock. The term foreign exchange is usually abbreviated as "forex" and occasionally as "FX".

A spot exchange rate is the price to exchange one currency for another for delivery on the earliest possible value date. Although the spot exchange rate is for delivery on the earliest value date, the standard settlement date for most spot transactions is two business days after the transaction date.

A currency forward contract is an agreement between two parties to exchange a certain amount of a currency for another currency at a fixed exchange rate on a fixed future date. By using a currency forward contract, the parties are able to effectively lock-in the exchange rate for a future transaction.

A currency swap, also known as a cross-currency swap, is an off-balance sheet transaction in which two parties exchange principal and interest in different currencies. The parties involved in currency swaps are generally financial institutions that either act on their own or as an agent for a non-financial corporation. The purpose of a currency swap is to hedge exposure to exchange rate risk or reduce the cost of borrowing a foreign currency.

An FX option provides you with the right to but not the obligation to buy or sell currency at a specified rate on a specific future date. This feature of FX Options makes them extremely useful for hedging FX risk when the direction of movements in exchange rates is uncertain.

## Money Market

A time deposit is an interest-bearing bank deposit account that has a specified date of maturity, such as a certificate of deposit (CD). The deposited funds must remain in the account for the fixed term to receive the stated interest rate. Time deposits are an alternative to the standard savings account, and will usually pay a higher rate of interest.

## Costs for Products

There are no incremental costs for trading in Foreign exchange except for the sales margin that is taken over and above the interbank FX rates and the Government of Tanzania securities yield curve for time deposits taking into account the liquidity conditions of the bank and the market in general.

## Target Clientele

Citibank Tanzania target clientele comprises of subsidiaries of Multinational Corporations, Top Tier Local Corporates and Public Sector Names.

## Risks

All products have prone to the price fluctuations in line with market forces.

## Rights and Obligations of the Parties

These are covered in the account opening documentation at the time of opening client accounts as well as in the confirmation process of each individual transaction.

All other terms and conditions of maintaining a relationship with Citibank Tanzania are controlled centrally with the Customer Services Unit.