

## PRODUCT DISCLOSURE DOCUMENT

### PURPOSE

This document provides you with key information about this product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

### PRODUCT

**Name** : **Interest Rate Swap**  
**Party A** : First Abu Dhabi Bank PJSC Mumbai – Offeror of the product  
**Party B** : Client of Party A (You) – User of the product

You may contact Party A on +91 22 33311131/32/33 for any additional information.

### WHAT IS THIS PRODUCT?

**Type** : An "over the counter" (OTC) derivative contract on the interest rate of a particular currency applied on a notional principal amount, over a specified period.

**Objective** : To hedge risk arising out of the future movements of an underlying interest rate i.e., to move its interest rate exposure from floating interest rates to fixed rates or fixed interest rates to floating rates

**Term** : This product is scheduled to get settled on each coupon settlement date as per the terms of the trade. It may terminate early:

- (i) following certain defined events in relation to either the underlying, you or Party A (including default), provided that in the case of events in relation to the underlying or the market. Party A may have the right, in certain cases, to adjust the terms to account for the relevant event rather than terminating the trade; or
- (ii) at your request, whether by specific rights to terminate included in the contract or in the absence of such rights if Party A agrees to such request for termination, and in such case based on a valuation provided by Party A. The amount owed on termination depends on market and liquidity conditions as well as the credit quality of the involved parties. This could have a material adverse effect on the return on the product compared to if it had continued to its full term.

### All CONTRACT TERMS AND CONDITIONS (for illustrative purposes only)

#### General Terms for IRS

**Party A:** First Abu Dhabi Bank PJSC Mumbai

**Party B:** XYZ

**Trade Date:** [•]

**Effective Date:** [•]

**Termination Date:** [•], subject to adjustment in accordance with the Modified Following Business Day Convention.

**Business Days** [•]

**Notional Amount:** [•]

**Fixed Amounts payable**

Fixed Rate Payer: Party A / B

Fixed Rate Payer Currency Amount: [•]

Fixed Rate Payer Payment Dates: [•]

Fixed Rate: [•]

Fixed Rate Day Count Fraction: Actual/360

**Floating Amounts payable**

Floating Rate Payer: Party A / B

Floating Rate Payer Currency Amount: [•]

Floating Rate Payer Payment Dates: [•]

Reset Date: The[first][last] day of each Calculation Period, subject to adjustment in accordance with the Modified Following Business Day Convention.

Floating Rate Option: [floating rate benchmark as agreed between the counterparties]

[Designated Maturity]: [As agreed between the parties]

[Lookback]/[Observation Period Shift]: [Applicable Business]/[Applicable Observation Period Shift Business Days] [Not Applicable]

[Compounding]: [Compounding with Lookback]/[Compounding with Observation Period Shift]/[Not applicable]

Spread: [As agreed between the parties]

Floating Rate Day Count Fraction: Actual/360

**Other Terms:**

Calculation Agent: Party A

Termination/Unwinding: Termination/ unwind value to be calculated and communicated by Party A and any gain/ loss on account of same to be settled as per extant guidelines of the Reserve Bank of India (“**RBI**”).

Liability We believe the above information to be accurate, but we assume no liability for errors. We will not be liable for any use, or any reliance by you on the information above or the information contained in any valuation. We make no representation or warranty in relation to any such information, whether as to the correctness,

completeness, sufficiency or reliability for any purpose of such information, any entitlement of you to receive, use or rely on such information or otherwise.

Documentation:

ISDA Master Agreement and Confirmation incorporating the 2006 ISDA Definitions or the ISDA 2021 Interest Rate derivative Definitions.

Costs and Fees:

Rate as may be applicable, would be inclusive of margins. Any Applicable fees (unless otherwise specified), quoted by Party A shall be inclusive of all charges related to the Transaction as advised by the Calculation Agent

Pay-off Profile:

The pay-off profile is provided solely for illustrative and information purposes.

On each coupon payment date, Party A & Party B exchange Fixed / Floating rate as the case may be (agreed under the product) on a certain notional amount

### ILLUSTRATION– USD interest rate swap

Party B enters into an Interest rate swap (IRS) in USD with Part A where Party B agrees to pay a Fixed rate & receive floating rate on each coupon date for a certain notional, tenor at a pre-agreed frequency.

Trade Date	27 Jun 2025
Start Date	01 Jul 2025
Maturity Date	01 Jul 2030
Notional (in USD)	USD 10,000,000
<b>Fixed Amount payable</b>	
Fixed rate payer	Party B
Fixed rate	3.45%
Fixed Rate Payer Payment Dates	
Fixed Rate Day Count Fraction	
<b>Floating Amounts payable</b>	
Floating rate payer	Party A
Floating rate	USD 3m Term SOFR [●]
Coupon exchange frequency	Quarterly
Floating Rate Payer Payment Dates	[●]
Reset Date	[●]
Floating Rate Option	[●]
Compounding	[●]
Spread	[●]
<b>Other terms</b>	
Calculation Agent	Party A
Documentation:	ISDA Master Agreement and Confirmation incorporating the 2006 ISDA Definitions or the ISDA 2021 Interest Rate derivative Definitions.
Costs and Fees	Rate as may be applicable, would be inclusive of margins. Any Applicable fees (unless otherwise specified), quoted by Party A shall be inclusive of

	all charges related to the Transaction as advised by the Calculation Agent.
Pay-off Profile	On each coupon payment date, Part A & Party B exchange Fixed / Floating rate as the case may be (agreed under the product) on a certain notional amount.

All determinations are made by Calculation Agent. All dates may be subject to adjustment for market disruption events, if applicable.

The recommended holding period is the full tenor of the product. However, if Party B wishes to unwind/terminate the contract early, it may request Party A to provide a termination quote considering the prevailing market rates, liquidity, Party B's hedging obligation and any other factor that the Calculation Agent may consider at its sole discretion. You may kindly refer to the pay off table below to get a better understanding

### PAYOFF / MTM EVOLUTION

Notional Outstanding in USD	Prevailing fixed rate for Maturity date	Payoff/ MTM on T+1 in USD*
10,000,000	1.45%	(900,000)
10,000,000	1.95%	(675,000)
10,000,000	2.45%	(450,000)
10,000,000	2.95%	(225,000)
10,000,000	3.95%	225,000
10,000,000	4.45%	450,000
10,000,000	4.95%	675,000
10,000,000	5.45%	900,000

\*Payoff has been worked out basis DV01 of the trade which is ~ 4500 USD at the time of entry and does not take into account time decay of the transaction which in turn would lead into a lower DV01 as we move towards the maturity date. The MTM evolution can also be impacted by potential negative divergence in movements of floating & fixed rates.

### SENSITIVITY ANALYSIS

The product is sensitive to movements in SOFR curves.

If SOFR curve goes down by 50 bps, there would be an indicative MTM loss of USD 0.225 Mio

Considering BPVs

\*USD Bpv ~ USD 4500

### BENEFITS AND RISKS

Risks	Benefits
Transactions are separate from the underlying exposure and the two may not move in tandem or even similarly at all times;	The Transaction would enable the Counterparty to convert its exposure from a floating interest rate or fixed interest rate to a fixed interest rate or floating interest rate and hedge itself against any adverse movement;
Swap rates can go up or down, resulting in potential opportunity loss for Party B, depending on the direction of the trade	Gives clear visibility of future interest cash-flows on the underlying foreign currency liability

<b>Risks</b>	<b>Benefits</b>
Product while linear & simple to understand, it involves pricing interest rate risks & volatility in interest rates can cause MTM loss or gains to Party B	Hedge accounting compliant subject to your own due diligence and internal/external advice.
Once the Counterparty has entered into the Transaction, the Counterparty is bound for the term of the Transaction. This means that the Counterparty may not receive any benefit from favorable market movements in interest rates until maturity or settlement, as the case may be; Change to make it more generic. IRS- every 3 months, in case the IR is rising,	Near certainty of cash flows upon maturity or settlement in case the Counterparty is receiving fixed interest rate; and
Any cancellations, extensions (subject to Party A's consent), or change of the Transactions may result in financial loss.	Near certainty of cash flows upon maturity or settlement in case the Counterparty is receiving fixed interest rate.

## **GENERIC RISKS**

- **Tenor of Transaction**  
Party B should be satisfied with the entire tenor of the Transaction. Party B should note that any transaction with a longer tenor will be associated with higher risks and usually involve higher cost of early termination if early termination is permitted.
- **Party B suitability**  
Party B should ensure that they understand the characteristics of the Transaction and the nature of the risks associated therein and that they consider the suitability of the Transaction in the light of their own circumstances and financial condition and that they have the ability to enter into the Transaction as well as withstand the potential financial loss.
- **Separate Transaction from Contracted Exposure/ Anticipated Exposure**  
The Transaction is a separate transaction from the Contracted Exposure/ Anticipated Exposure. The payment dates, payment amounts, the definition of Business Day and Floating Rate Option and all the other terms governing the Transaction would be set out in the final term sheet. There may be mismatches with the corresponding terms of the Contracted Exposure/ Anticipated Exposure.
- **Concentration risk**  
Party B should be satisfied that they are not over exposed to any particular interest rate or currency or transaction of any particular type. Party B should satisfy that the Transaction does not form a substantial portion of its investment portfolio.
- **Party A's hedging activities may affect Interest and Exchange Rates**  
Party A and/or its affiliates may enter into hedging transactions in the market to enable Party A to fulfil its obligations under the Transaction. These hedging transactions may affect the relevant interest and/or exchange rates.
- **There are potential conflicts of interest**  
Party A and its affiliates play a variety of roles in connection with the Transaction, including acting as Party B and calculation agent and hedging its obligations under the Transaction. Party A and/or its affiliates may also enter into, adjust, and unwind transactions relating to the relevant interest rates and/or currencies, whether for its or its affiliates' proprietary accounts or for accounts under management or to facilitate transactions on behalf of other counterparties or otherwise. In carrying out these roles, Party A's economic interests and those of its affiliates may be potentially against the Party B's interests as the Party B in the Transaction.
- **Pricing, valuation and unwind:**

Party A may price, value, and unwind the Transaction or any part thereof on the basis of such pricing models, methodologies, assumptions, and factors as Party A, acting in good faith and in a commercially reasonable manner, deems appropriate.

- **Liquidity risk**

The Transaction is a contractual obligation by the Party B from the trade date to the maturity or termination date. No early uplift, withdrawal, modification, or termination of the Transaction is permitted except with Party A's prior agreement or otherwise provided under the Transaction. If the Transaction is early terminated or modified, the Party B may suffer losses and will have to compensate Party A for costs (if any) incurred by Party A in replacing or obtaining the economic equivalent of the Transaction as a result of a modification or early termination requested by the Party B and such losses and costs may be substantial.

- **Interaction risk**

Different types of risks may interact unpredictably, particularly in times of market stress.

- **Mark-To-market risk**

Party B bears the downside risk of the mark-to-market (MTM) value fluctuation of the Transaction. The Party B needs to be aware the MTM value of the Transaction is determined by many market factors and is calculated in accordance with the internal valuation model of Party A. Hence, the value may be significantly different from the intrinsic value calculated by simple arithmetical method.

- **Credit risk**

The Party B is taking on the credit risk of Party A with respect to all payments due under the Transaction. In the worst-case scenario, where Party A defaults on its payment obligations under the Transaction, then Party B will receive no payment.

- **No assurance of the Transaction achieving your desired hedging objectives**

Where the Transaction will be used by the Party B as a hedging tool, Party B should note there may be imperfect correlation (sometimes referred to as "basis risk") between changes in the value of the Transaction and the particular exposures that Party B wishes to hedge. Party B should be comfortable with the risks associated with the potential mismatch between its exposure under the Transaction and the exposure under its other businesses or transactions. Such mismatch may arise from any potential excessive hedging, inadequate hedging, or loss of hedge in certain circumstances.

## **INTENDED CLIENT**

This product is intended for clients who:

- Have sufficient knowledge and experience in products such as the one described in this document are willing and able to bear an unlimited loss.
- Have a risk tolerance consistent with the summary risk indicator in this document.
- Have a horizon consistent with the term of this product as determined independently or on the basis of professional advice.

## **WHAT ARE THE COSTS INVOLVED?**

### **Transaction costs**

Financial instruments may involve transaction costs, which are incurred as a result of accessing the wider market to initiate, terminate, increase or decrease a position in the instrument. The transaction costs depend on the below factors:

- Market Risk
- Credit Risk

- Capital Required
- Financial instrument
- Liquidity/ Standardization of the Financial instrument in the market
- Transaction size and tenor
- Effort, Cost and Risk incurred by the market maker being Party A

**One-off costs** - These are one-off charges/ costs paid, typically, at the beginning or at the end of the financial instrument's life cycle.

**Other ongoing costs** - The impact of the costs that we take for managing your financial instruments.

## OTHER RELEVANT INFORMATION

The information contained in this Product Disclosure Document does not constitute a recommendation to engage in this product and is no substitute for individual consultation with an advisor.

You can obtain further information about this product from your financial advisor.

The following documents are available upon request:

- any master agreement relating to the product, including the schedule there to
- the confirmation relating to the product.

## DISCLAIMER

*This statement has been prepared for general information purposes only and is provided to you on a confidential basis and it does not constitute either (i) legal, commercial, or professional advice or (ii) an offer, an invitation, or a recommendation to enter into any transaction, and (in each case) should not be relied on as such.*

*This statement is provided to you on the understanding that (i) you have sufficient knowledge, experience, and professional advice to make your own evaluation of the merits and risks of a transaction of this type and (ii) you are not relying on us or on any of our affiliates for information, advice, or recommendations of any sort. You should enter into a transaction only if you fully understand the nature of the transaction, any applicable margin requirements and the nature and extent of your exposure to risk and to loss as well as the legal, tax, accounting or other material characterizations and consequences of the transaction. You should carefully consider whether and be satisfied that the transaction is appropriate for you in the light of your objectives, experience, financial position, risk management and operational resources and other relevant circumstances. In case of doubt, you should consult your own professional advisers.*

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*We are acting on a principal-to-principal basis and not acting as your advisor or agent or in any fiduciary capacity to you. This statement does not purport to identify all the risks (direct or indirect) or other material considerations which may be associated with you entering into the transaction.*

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