

PRODUCT DISCLOSURE STATEMENT

This Product Disclosure Statement (“**Statement**”) has been prepared for and is sent to the Customer to provide the Customer with information about the Product and to assist the Customer with evaluation and assessment of suitability of the Product to the business requirements of the Customer.

THE STATEMENTS LIST OUT THE VARIOUS PRODUCTS OFFERED BY THE BANK TO ITS CUSTOMERS` AND THE DETAILS PROVIDED IN THIS STATEMENT ARE FOR THE GENERAL UNDERSTANDING OF THE CUSTOMER. THIS STATEMENT IS NOT A RECOMMENDATION OF THE PRODUCT BY THE BANK TO THE CUSTOMER. BASED ON THE COMMERCIAL NEEDS OF THE CUSTOMER, THE SUITABILITY AND APPROPRIATENESS OF THE PRODUCT WILL BE DISCUSSED WITH THE CUSTOMER.

Product	:	Cross Currency Swap Contract
Description of the Product	:	A Cross Currency Swap is a derivative product (the “Transaction”) which helps the user to hedge an underlying foreign currency asset or liability against FX and interest rate movements. A Cross Currency Swap (“CCS”) is typically used to convert the foreign currency asset or liability into a domestic currency asset or liability. Terms of the CCS on interest payment and principal exchange can be designed to suit the schedule of the underlying liability or asset of the user and the currency interest rate type (Fixed rate of Floating rates) into which the user is looking to convert. The Transaction may also involve exchange of principals during the tenor of the swap.
Benefits	:	The transaction helps user to hedge and swap liabilities/ assets denominated in one currency to the other. The user can select the benchmark currency and interest rate to suit internal risk management strategy and market opportunities.
Terms and Conditions	:	Each transaction will be governed by and subject to the ISDA Master Agreement executed between the parties. The contractual terms and conditions for each Transaction will be as determined between the parties to the transaction under the confirmation per transaction. The terms and conditions will include the spot rate for the transaction, forward exchange premium (or discount, as applicable), costs and fees applicable per transaction.
Risks	:	The product is directly affected by Foreign exchange risk and Interest rate risk. The client can be adversely affected by the impact of change in Foreign exchange and interest rates on the market value of the transaction.

CONTRACT TERMS AND CONDITIONS

Party A	:	UBS AG, acting through its Mumbai Branch
Party B	:	[●]
Trade Date	:	[●]
Termination Date	:	[●], subject to adjustment in accordance with the Business Day Convention.
[USD] Notional Amount	:	USD [●]
[INR] Notional Amount	:	INR [●]
Business Day Convention	:	[●]
Business Days	:	[●]
Spot Reference	:	[●]
Calculation Agent	:	Party A
Governing Law	:	English
Documentation	:	The Transaction will be governed by and subject to the ISDA Master Agreement (including the Schedule, any Credit Support Annex, individual Confirmation for this Transaction and any amendments to the foregoing documents) executed between Party A and Party B (the "ISDA").
Interest Exchange		
<u>Party A Payments</u>		
Floating Rate Option	:	[●]
Party A pays (in USD)	:	Fixed Rate ₁ [●]% (or Floating Rate Option ₁ + Spread ₁ [●]%) p.a. on USD Notional Amount
Party A Payment Date	:	[●] on every [●] commencing on [●] and ending on Termination Date, subject to adjustment in accordance with the Business Day Convention.
Party A Day Count	:	[●] Adjusted

Party B Payments

Party B Pays : Floating Rate Option₂ + Spread₂ [●]% (or Fixed Rate₁ [●]%) p.a. on INR Notional Amount

Party B Payment Date : [●] on every [●] commencing on [●] and ending on Termination Date, subject to adjustment in accordance with the Business Day Convention.

Party B Day Count : [●] Adjusted

FEATURES/ BUILDING BLOCKS OF THE PRODUCT

- Fixed Rate / Floating Rate
- Spot Reference Rate

This transaction is suitable for users who wish to convert the foreign currency asset or liability into a domestic currency asset or liability. The transaction typically does not have an upfront fee.

The user is completely hedged against both exchange rate and foreign currency interest rate movements.

The user is relying on the creditworthiness of the market maker. On the Settlement Date, the contractual Settlement Payments shall take place between user and the market maker, provided that the market maker is solvent.

Variations:

	Interest Exchange	Principal Exchange	Risks
Cross Currency Swap	Fixed vs Fixed	Both initial and final exchanges	Hedge both exchange rate risk and interest rate risk from both principal payments and interest payments
	Fixed vs Floating		
	Floating vs Floating		
Coupon Only Swap	Fixed vs Fixed	No exchange	Hedge both exchange rate risk and interest rate risk from interest payments alone
	Fixed vs Floating		
	Floating vs Floating		
Principal Only Swap	Only one party pays Fixed	Both initial and final exchanges	Hedge exchange rate risk from principal payments

PRODUCT ILLUSTRATION AND PAY-OFF

Foreign currency (USD) Floating Rate (USD SOFR-COMPOUND) Liability:

User can hedge this liability by swapping the cashflows into a Fixed (or floating rate) liability in domestic currency (INR) using USDINR Cross Currency Swap.

- User Receives USD SOFR-COMPOUND + Spread (Liability interest cost) p.a., SA on USD Notional, pays INR [●]% p.a., on INR Notional (equal to USD Notional x USDINR Spot FX on Trade Date)
- User Receives INR Notional, Pays USD Notional on Effective Date
- User Pays INR Notional and Receives USD Notional on Termination Date
- User is completely hedged against higher moves in USD floating rates, and INR depreciation against USD, though user is still exposed to INR interest rate movements

Foreign currency (USD) Fixed Rate Asset:

User can hedge this asset by swapping the cashflows into a Fixed (or floating rate) asset in domestic currency (INR) using USDINR Cross Currency Swap.

- User pays [●]% (asset yield) p.a., SA on USD Notional, receives INR [●]% p.a., on INR Notional (equal to USD Notional x USDINR Spot FX on Trade Date)
- User Pays INR Notional, Receives USD Notional on Effective Date
- User Receives INR Notional and pays USD Notional on Termination Date
- User is completely hedged against higher moves in USD interest rates, and INR appreciation against USD, though user is still exposed to INR interest rate movements.

Payoff of the transaction:

Notional Exchange:

Cross Currency Swap (CCS) & Principal Only Swap (POS):

- Party B Receives Currency 1 Notional and Pays Currency 2 Notional on Effective Date
- Party B Pays Currency 2 Notional and Receives Currency 1 Notional on Termination Date

Coupon Only Swap (COS):

Not Applicable

Interest Exchange:

	On Each Currency 1 Payment Date	On Each Currency 2 Payment Date
Fixed - Floating CCS or COS	Party B Receives (Pays) Amount = Notional 1 x DCF 1 x Fixed Rate1	Party B Receives (Pays) Amount = Notional 2 x DCF 2 x Floating Rate Option Fixing
Floating - Floating CCS or COS	Party B Receives (Pays) Amount = Notional 1 x DCF 1 x Floating Rate Option Fixing 1 + Spread	Party B Receives (Pays) Amount = Notional 2 x DCF 2 x Floating Rate Option Fixing 2 + Spread
Fixed – Fixed CCS or COS	Party B Receives (Pays) Amount = Notional 1 x DCF 1 x Fixed Rate1	Party B Receives (Pays) Amount = Notional 2 x DCF 2 x Fixed Rate 2
POS	Party B Pays (or receives) Fixed Rate x DCF x Notional (Either in Currency 1 or Currency 2)	

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Fees:

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.

Early Exit:

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.

RISK DISCLOSURE

IMPORTANT NOTICE

We believe that clients who engage in treasury and financial transactions with us or through us should be aware of the risks which may be associated with such transactions. This risk disclosure statement is not intended as a substitute for your actually becoming reliably and adequately informed of the risks associated with such transactions by your seeking independent advice or otherwise as regards any specific transaction contemplated, and you shall accordingly be responsible for any transaction which you ultimately choose to enter into.

THIS NOTICE DOES NOT PURPORT TO DISCLOSE TO OR ADVISE YOU OF ALL OF THE RISKS AND OTHER RELEVANT CONSIDERATIONS AND ANY SIGNIFICANT ASPECT OF ANY TRANSACTION. YOU SHOULD THEREFORE CONSULT YOUR OWN LEGAL, TAX AND FINANCIAL ADVISERS PRIOR TO ENTERING INTO ANY PARTICULAR TRANSACTION.

You should not enter into a transaction unless you fully understand the transaction including at least the following:-

- (a) the nature of the transaction and the market underlying such transaction;
- (b) the terms and conditions of such transaction;
- (c) the extent of the financial and economic risk to which you are exposed as a result of such transaction;
- (d) the income tax treatment of such transaction; and
- (e) the regulatory and accounting treatment of such transaction.

Furthermore, before you enter into any transaction, you should consider, among other things, the following points:-

- 1. Suitability:** You should determine whether a product and the transaction proposed to be entered into by you is appropriate in the light of your experience in similar transactions, your objectives in engaging in the transaction, your financial resources and other relevant circumstances. If you are not sure that the transaction is suitable for you, you should consult your own legal, tax and financial advisers before entering into the transaction.
- 2. Market Risk:** Your gains or losses under a transaction may be linked to changes in the market(s) to which the transaction is linked and such market(s) may not perform in tandem with the local market which you may be familiar with. You may therefore be exposed to volatility in such market(s), which may be greater than the volatility of the local market you may be familiar with. Furthermore, the extent of your loss or profit in a transaction may be greater or less than the corresponding movements in the market(s).
- 3. Credit Risk:** You are exposed to the credit risk of the counterparty with whom you are matched, or with whom you contract. In any transaction, you are exposed to our credit risk, other than the transactions where we act as broker or agent. In such cases, you will be exposed to the credit risk of the third party with whom you are contracting, which may be lower or higher than our credit risk.

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4. **Economic Risk:** Because the prices and characteristics of over-the-counter transactions are individually negotiated and there is no central source for obtaining prices, there are inefficiencies in transaction pricing. We consequently cannot and do not warrant that our prices or the prices we secure for you are or will at any time be the best price available to you. We may make a profit from a transaction with you no matter what result the transaction has from your point of view.
5. **Liquidity Risk:** Execution and/or liquidation of your positions may, in certain circumstances, be difficult or impossible. These circumstances include, for example, suspension of trading, extreme market conditions, failure of telecommunications or electronic systems, and events commonly known as “force majeure”. Your ability in such circumstances to make a value or risk assessment, or to make a calculation of a fair price, would also be adversely affected. Even, if you give a “stop-loss” or “stop-limit” order, these may be impossible to execute.
6. **Exchange Risk:** You may be exposed to currency fluctuation risk where you enter into a transaction involving different currencies, or in a base currency other than one in which you use in your ordinary business or hold in your accounts. Any loss incurred by you as a result of the relevant rates for the conversion of any monies from the base currency to the currency in which you keep your accounts (i) may be greater than the profits from the transaction when measured against the base currency of that transaction or (ii) may increase the amount of the loss you suffer in the transaction itself.
7. **Transaction Costs:** Your net returns from a transaction would also be affected by the transaction costs (i.e. commission, fees and other charges) charged by us.
8. **Margin/Collateral:** We may require that you provide margin or collateral to support your obligations under transactions you trade with or through us.

Where a transaction is leveraged, you should note that a small market movement in the underlying market will have a multiplying effect on your corresponding loss, and such losses may exceed the amount of margin deposited with us. In such a situation, you would be required to top-up any such shortfall by depositing additional margin with us.

Generally, we are entitled to liquidate your positions to meet any shortfall in margin or collateral requirements.

9. **Structured Transaction with Multiple Instruments:** Where a transaction is made up of several instruments, you should be aware that there is risk associated with each instrument evaluated separately and the risk of the transaction evaluated as a whole.

We strongly suggest that you independently review all materials (as supplied by us from time to time to you and as supplemented with your own independent advice which you are encouraged to take) pertaining to the risks associated with any transaction.