



Forex Deposit

INVESTMENT WITH A COUPON YIELD
AND PAYOUT IN A CURRENCY
WITH A BETTER EXCHANGE RATE

What is Forex Deposit?

Forex Deposit is an investment product that allows clients to achieve a higher appreciation of their deposit in the chosen **base** currency than the usual money market rate.

It also opens up the opportunity to convert invested funds into an **alternative** currency with a more favourable exchange rate than what could currently be achieved on the spot market.

Who is Forex Deposit intended for?

- For investors who want to appreciate their funds at a higher rate than what they would normally achieve with money market products
- For investors who can use both the base currency and the alternative currency for cash with a predetermined conversion rate at maturity of the product
- For investors who assume that the base currency will not appreciate above a predetermined conversion rate
- For investors who are familiar with the forex market and are aware of the risks associated with this environment



The main advantages of Forex Deposit

Higher appreciation

the funds are appreciated with a higher interest than with savings products

Flexibility

option to choose from an entire palette currency pairs from the most frequently used to the exotic

Investment horizon

you select the period investments ranging from two weeks to one year

Potential limitations of Forex Deposit

- The product's maximum yield is limited by the arranged coupon rate.
- Unfavourable development of the chosen currency pair may result in a loss after conversion to the base currency.
- Limited liquidity - the Forex Deposit investment product is difficult to sell back early, and this sale may be associated with significant additional costs caused by changing market conditions. It is recommended to hold to maturity.

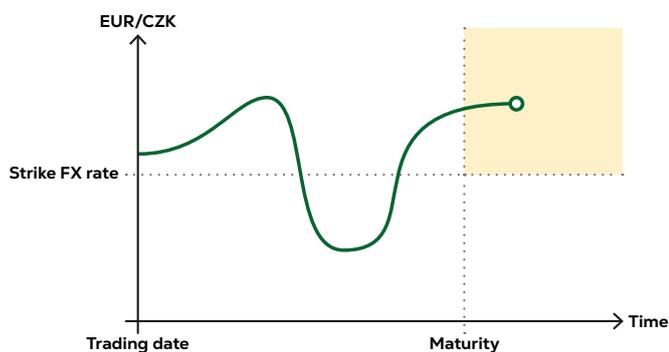
Example of the use of Forex Deposit and an illustrative development scenario

The investor deposits **CZK 1,000,000 (base currency)** into Forex Deposit for **6 months** and chooses **EUR** as the **alternative** currency. The Strike FX rate was set at **EUR 1 = CZK 23.60** and the coupon rate at **4.5% p.a.**

Base currency	CZK	Spot FX rate	24.50
Alternative currency	EUR	Buffer	3.8%
Maturity	6 months	Nominal	CZK 1,000,000
Strike FX rate	23.60	Coupon rate	4.5% p.a.

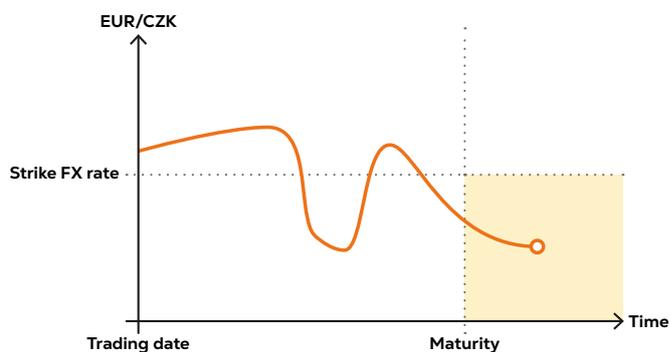
A) Positive scenario

On the day of the final valuation (after 6M), the FX rate is at EUR 1 = CZK 24.00, i.e. above the established strike FX rate. The investor receives his entire deposit and a corresponding coupon in the base currency.



B) Conversion scenario

On the day of the final valuation (after 6M), the FX rate is at EUR 1 = CZK 23.00, i.e. below the established strike FX rate. The investor receives his entire deposit and a corresponding coupon in the amount converted to the alternative currency with a rate of EUR 1 = CZK 23.60 (strike FX rate).



↓ **The investor receives** ↓

CZK 1,000,000 (100% nominal)
+ CZK 22,500 (4.5% p.a. coupon rate)

CZK 1,022,500

CZK 1,000,000 (100% nominal)
+ CZK 22,500 (4.5% p.a. coupon rate)

EUR 43,326.27

*converted to EUR at an exchange rate of
 EUR 1 = CZK 23.6*

Exchange. CYRRUS

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