

## Purpose

This document provides you with key information about this investment 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

<b>Name</b>	Currency Swap
<b>Manufacturer</b>	Expobank CZ a.s.
<b>Contact data</b>	<a href="https://www.expobank.cz/napiste-nam">https://www.expobank.cz/napiste-nam</a> ; Call (+420) 844 844 822 for more information
<b>Competent authority</b>	Česká národní banka
<b>Production date</b>	This Key Information Document is produced as of 2.1.2020

**You are about to purchase a product that is not simple and may be difficult to understand.**

## What is this product?

<b>Type</b>	Over the Counter (OTC) derivative contract – Currency Swap
<b>Objectives</b>	<p>A currency swap is used to manage currency risk.</p> <p>A currency swap is an agreement between the bank and the client on the spot conversion of two currencies at the current market exchange rate, followed after a certain period by a reverse conversion of the respective currencies at a pre-agreed (forward) exchange rate. In principle, this is a combination of a spot conversion of two currencies and a currency forward. The difference between spot and forward rates depends directly on the difference in interest rates of the respective currencies. The party that holds a currency bearing better interest under the contract compensates for its partner's interest rate differential, expressed by the difference between spot and forward rates. The initial conversion occurs at time T, and at the same time an agreement is made on the terms of the reverse conversion that will take place in the future (at T+3 working days and later). For the investor, it is the objective of the spot part of the contract to immediately acquire a foreign currency, which the investor can immediately use, for example, to pay his due foreign currency payables.</p>
<b>Intended Investor</b>	<p>The currency swap is designed for investors who wish to instantly convert one currency for the other currency through a spot transaction, and at the same time they expect in the future the exchange rate appreciation of the currency they have sold in this spot transaction, and they wish to secure against this appreciation. Given that the market exchange rate may develop in the future differently from the expectations of investors, it is necessary for such investors to be aware of this risk and to be able to bear any financial loss from such a negative development. The currency swap is also commonly used to overcome the temporary liquidity shortage in one currency, with the current liquidity surplus in a different currency. The investor's investment horizon should be equal to the selected maturity of the product. Investing in the product is only suitable for investors who have sufficient knowledge and experience with financial instruments to understand how the product works and to assess the associated risks and opportunities.</p>
<b>Duration</b>	<p>The maturity date must be at least three business days from agreement; the latest maturity date is not stipulated, and it depends on the agreement. The usual duration of this product is up to one year. The product manufacturer is not entitled to withdraw from the product unilaterally.</p>

## What are the risks and what could I get in return?

### Summary risk indicator



The risk indicator assumes you keep the product until agreed maturity. Actual risk may vary substantially if you make a sale early and you can get back less. You may not be able to end your product early. You may have to pay significant extra costs to end your product early.

We have classified this product as 7 out of 7, which is the highest risk class. This appreciates the possible loss of future performance to a very high level.

The product has been included in this category based on its nature. Its performance for the investor depends on the future development of the market exchange rates. Since the development of these quantities cannot be reliably predicted in advance, the product has been classified as the highest class of risk.

This product does not include any protection from future market performance so you could lose some of your investments or all of them. If we are unable to pay you the amount owed, you could lose all your investments.

#### Performance scenarios

<i>Investment CZK 250.000</i>		<i>1 year (Recommended holding period)</i>
<b>Stress</b>	<b>What you might get back after costs</b> Average return each year	CZK -73.953,17 -29,1815 %
<b>Unfavourable</b>	<b>What you might get back after costs</b> Average return each year	CZK -12.653,24 -4,9929 %
<b>Moderate</b>	<b>What you might get back after costs</b> Average return each year	CZK 14.687,92 5,7958 %
<b>Favourable</b>	<b>What you might get back after costs</b> Average return each year	CZK 45.620,93 18,0018 %

This table shows the money you could get back over the maximum recommended holding period, under different scenarios, assuming an investment of CZK 250,000.

The scenarios shown illustrate how your investment could perform. You can compare them with scenarios of other products.

The scenarios presented are an estimate of future performance based on evidence from the past and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the product.

The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you.

This product cannot be cashed up prematurely; therefore, the impossibility of premature termination, even if you accept increased costs, is one of the risks of this product. This means it is difficult to estimate how much you would get back if you cashed it up before the agreed maturity date. You will either not be able to cash up prematurely, or you will have to pay high costs or suffer a considerable loss if you do so.

The figures shown include all the costs of the product itself. The figures do not take into account your personal tax situation, in particular the tax rules of your home country, which may also affect the success of your investment.

#### What happens if Expobank CZ a.s. is unable to pay out?

The product is not protected by any investor protection scheme, or any other type of guarantee scheme. The product is not protected either by a deposit guarantee scheme. If Expobank CZ a.s. is not able to fulfil its obligations connected with the product, you can suffer a financial loss.

#### What are the costs of the investment?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the return on investment that you could get. The total costs take into account one-off, ongoing, incidental, direct and indirect costs.

The amounts shown here are the cumulative costs for the recommended holding period. The figures assume you invest CZK 250,000. The figures are estimates and may change in the future.

##### Costs over time

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

<i>Investment 250.000 Kč</i>	<i>1 year (Recommended holding period)</i>
Total costs	CZK 2.500,-
Impact on return (RIY) per year	1 %

**Composition of costs**

The table below shows:

- the impact each year of the different types of costs on the performance of the investment at the end of the recommended holding period,
- the meaning of the different cost categories.

<i>This table shows the impact on return per year</i>			
<b>One-off costs</b>	<b>Entry costs</b>	1 %	The impact of the costs is already included in the price. Expressed costs are the maximum costs you can pay.
	<b>Exit costs</b>	0 %	
<b>Ongoing costs</b>	<b>Transaction costs</b>	0 %	
	<b>Other ongoing costs</b>	0 %	
<b>Incidental costs</b>	<b>Performance fees</b>	0 %	
	<b>Carried interests</b>	0 %	

### How long should I hold the investment? Can I take money out early?

The recommended holding period is always equal to the agreed term. The investor is not entitled to terminate the product before the maturity date. The recommended holding period for the product is 1 Year.

### How can I complain?

If an investor wishes to complain about the product, or about the behaviour of Expobank CZ a.s. or of the person that provides advice regarding, or who sells, the product, they can contact the bank at the e-mail address [info@expobank.cz](mailto:info@expobank.cz) or at the telephone number (+420) 844 844 822. Also the website <https://www.expobank.cz/napiste-nam> includes a contact web form and/or other contact information.

### Other relevant information

Additional product information is available on request. The bank reviews this Key Information Document annually. The latest version of the document is available at the bank's website [www.expobank.cz](http://www.expobank.cz).

### Model example

Sample currency forward terms may not match your specific contract details.

Currency pair	USD/CZK
USD volume - start date (client sells)	USD 11.022,92
CZK volume - start date (client buys)	CZK 250.000,-
Exchange rate - start date	22,68
Start date	2.1.2020
USD volume - maturity date (client buys)	USD 10.912,26
CZK volume - maturity date (client sells)	CZK 250.000,-
Forward exchange rate - maturity date	22,91
Maturity date	4.1.2021