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announcement

ON THE BANK ACCOUNTS, DEPOSIT ACCOUNTS, TERM DEPOSITS AND CASH TRANSACTIONS OF PRIVATE INDIVIDUAL CUSTOMERS

Appendix 5

FOREIGN EXCHANGE INTEREST RATE ANNOUNCEMENT

Date of last amendment: 22 April 2020

Date of promulgation: 22 June 2020

With reference to Section 10.3 of the General Contracting Terms and Conditions on Bank Accounts, Deposit Accounts and Fixed Deposit Products Offered to Resident and Non-Resident Natural Persons, the Bank

- from 1st June 2020, will terminate K&H structured deposit products;
- from 22nd June 2020, modifies point 2: the name of K&H foreign currency term deposit will change to K&H retail deposit.

1. K&H retail FX accounts, K&H private banking FX accounts, K&H private banking FX account package

Effective from: February 1, 2014

Definition	Annual interest rate (%)	AER (%)
Sight deposit rate:	0.01	0.01

Opening balance requirement:

Retail FX account none

K&H private banking FX account,

K&H private banking FX account package: HUF 100 million, or its equivalent in foreign currency or securities deposited with the Bank

The above accounts have variable interest rates. i.e. the Bank calculates deposit and loan interest based on the account's daily closing balance and the rate of interest effective on the subject day.

The Bank credits/debits deposit and loan interest once a year on the last calendar day of the year. as part of year-end closing. except if the account opening falls on the last day of the year when the crediting/debiting of deposit and loan interest due on the last day of the year is performed as part of year-end closing in the following year with the next day as value date. In the event the last day of the year falls on a holiday, the Bank calculates interest on the first banking day of the following month with a value date of the month's first calendar date.





2. K&H foreign currency term deposit (from 22nd June 2020, K&H retail deposit)

Effective from: 1 April 2020

		30-day	60-day	90-day	180-day	270-day	365-day
USD	INTEREST RATE	0.34%	0.44%	0.50%	0.38%	0.31%	0.24%
	EBKM ¹	0.35%	0.44%	0.50%	0.38%	0.31%	0.24%
GBP	INTEREST RATE	0.09%	0.15%	0.20%	0.26%	0.23%	0.20%
	EBKM ¹	0.09%	0.15%	0.20%	0.26%	0.23%	0.20%
CAD	INTEREST RATE	0.22%	0.29%	0.30%	0.28%	0.26%	0.26%
	EBKM ¹	0.22%	0.29%	0.30%	0.28%	0.26%	0.26%

¹EBKM: Uniform Deposit Interest Rate Ratio according to Government Decree No. 82/2010. (III.25.) In case of one-off period fixing EBKM equals with the announced interest rate.

The Bank terminates the sales of new K&H foreign currency term deposit in EUR from 8th August 2016, 0.01% interest rate is paid on previously placed rollover term deposits at deposit rollover and on collateral deposits.

The Bank applies lower interest rate on deposits which do not reach the amount shown below. The interest rate deductions in the different currencies are:

USD	GBP	CAD
4 000	2 500	6 100
0.00 %	0.10 %	0.15 %

Minimum fixed amounts: USD 500; GBP 300; CAD 600.

The Bank terminates the sales of new K&H foreign currency term deposit in EUR from 8th August 2016. 0.01% interest rate is paid on previously placed rollover term deposits at deposit rollover and on collateral deposits.

The Bank pays 0.01% interest for term deposits fixed in currencies other than the above currencies. The EBKM figures of the term deposits in point 2 refer to continuously repeating term deposits. In the case of one-off term deposits the rate of interests are equal to the EBKM.

Term deposits are threshold-rate instruments, i.e. the entire balance earns interest at the rate specified for the tier. The term deposits earn fixed interest and no amounts may be withdrawn on them during their term. If the deposit is terminated the Bank pays 0.01% deposit interest.

Blocked or security deposits earn interest as specified under the terms and conditions for K&H Foreign Currency Term Deposits.

3. K&H deposit for increased deposit insurance

Effective from: July 3. 2015

The OBA shall pay compensation above the hundred thousand euro limit up to fifty thousand euro additionally during a three-month period, if the funds deposited originate from:

- the sale of residential property, or the sale of lease rights or any right of tenancy;
- benefits received upon the termination of employment or upon retirement;
- insurance benefits; or
- compensation received for criminal injuries or wrongful conviction.





The entitled person shall verify the origin of the funds before deposit placing by way of the following documents:

- in the case provided for in a) section, a copy of the sales contract or any other document on the transfer of ownership title. lease rights or right of tenancy made out within thirty days to date;
- in the case provided for in b) section. a certificate from the employer or payer made out within thirty days to date;
- in the case provided for in c) section. a certificate from the insurance company made out within thirty days to date;
- in the case provided for in d) section, the court decision dated within thirty days to date.

Term: 90 days

Deposit can be placed on one-off term, after the deposit's maturity it is credited to the term deposit account together with the interest there on.

Currency: currencies specified under the terms and conditions for K&H foreign currency term deposit „K&H deposit for increased deposit insurance” earn interest as specified under the terms and conditions for 90 days K&H foreign currency term deposit.

Deposit may be fixed throughout the Bank's branch network.

„K&H deposit for increased deposit insurance” can be partially withdrawn. In case of fully or partial withdrawal (decrease) the Bank does not pay interest on the withdrawn amount.

4. K&H security deposit FX account

Effective from: June 1. 2010

Definition	Annual interest rate (%)	AER (%)
Sight deposit rate:	0.00	0.00

Opening balance: none

The above deposit accounts are only used for the management of term deposits used for cash collateral/security deposit and will be terminated when all the linked cash collateral/security deposit is terminated. The above deposit accounts are not part of inter-bank payment transactions and no teller transactions or other financial transactions can be carried out on them as long as the relevant security rights prevail.

Account holders will only have disposal rights over the above security deposits when the security rights of the beneficiary of the security accounts have been terminated.

The above deposit accounts may not have any co-holders; no permanent authorization can be linked to them and the relevant contracts may include no provisions relating to the account holder's death. The services of bank accounts and deposit accounts as identified in the General Contracting Terms and Conditions are not available related to the security deposit accounts. Further details can be found in the relevant agreements and in the General Contracting Terms and Conditions.

5. K&H Final repayment settlement FX account

Effective from: November 29. 2010

Definition	Annual interest rate (%)	AER (%)
Sight deposit rate:	0.00	0.00

Opening balance: none

The account serves solely the final repayment of a refinanced loan to the other financial institution. The objective is to ensure that the final repayment amount transferred by the financial institution refinancing (taking over) the loan can be used for no other purpose. The account is closed upon final repayment but not later than 30 work days from signing the contract without a specific order by the Account Holder.





No cash transactions or other financial operations may be performed on the account. Any amount credited on it must be based on a transfer by the refinancing institution. Any internal transfer from the Account Holder's other accounts with the Bank must be aimed at final repayment.

6. K&H STRUCTURED DEPOSIT PRODUCTS

Sale of K&H structured deposit products are suspended from 31 January 2020 temporarily, **from 1st June 2020, the products will be terminated.**

6.1 K&H TOWER DEPOSIT

The interest rate applicable for the deposit is a function of the change in the inter-bank market cross rate of two particular currencies: if this rate remains within the band defined at the time of fixing the deposit (or does / does not reach the defined exchange rate) during the term of the deposit, the special interest rate stipulated in the contract becomes applicable, however, if the exchange rate abandons the band at least once (or does not / does reach the defined exchange rate), the Bank will pay the minimum interest upon maturity.

6.2 K&H EXCHANGE-RATE-INDEXED DEPOSIT (RANGE ACCRUAL DEPOSIT)

The interest rate applicable for the deposit is a function of the change in the daily official cross rate of two particular currencies: if on a given day this rate is within the band defined at the time of fixing the deposit (or does not reach the defined exchange rate), the special interest rate stipulated in the contract becomes applicable, however, if it is outside the band (or does reach the defined exchange rate), the Bank will pay the minimum interest (on the given day).

6.1 and 6.2 deposits may be fixed in the currency and with the maturity period as agreed with the Bank and included in a special contract. The Bank reserves the right to limit the terms and amount of investments.

Minimum amount to be fixed: HUF 25 million or its equivalent in other currency. In exceptional cases – for example taking into account the characteristics of the customer relationship, with the aim of acquisition or protecting competitiveness - the bank can offer special price below the minimum amount.

Condition: availability of the amount provided by the Client latest on the day of deposit fixing. In case the amount is not present for fixing the Bank reserves the right to wind up the structured deal and debit the justifiable cost of termination onto the bank account of the Client. The deposit cannot be terminated by the Client before the contractual repayment date.

The pricing depends on the following aspects:

Prices and yields are quoted based on the actual interbank market movements and position of the Bank at the transaction. Pricing depends mainly on the following factors:

- the amount and duration of the deal
- the total invested money of the clients in the Bank
- the bank's risk taking willingness
- the complexity of the deal
- the workload of the deal in the Bank.
- present yields and interest rates on the market
- present option pricing and its volatility on the derivative market
- present currency rates on the currency market
- the Bank's liquidity
- the Bank's position in deposits and loan products
- the Bank's position in currency deals and options
- the bank's position in other derivative markets
- money market interest rate and government bond yield potentials





A detailed description of the products and related risks are available in the K&H Treasury Market Risk Management Manual and the prevailing Contract.

7. Capital gains tax (tax payable on the interest earned)

Pursuant to the amendments to Act CXVII of 1995 on personal income tax (hereinafter: the Act) taking effect as from 1 September 2006, the Bank shall deduct capital gains tax based on the provisions of the Act after the income earned as interest by private person clients. In the event that the Account is held by several account holders, the tax residence of the person indicated as 'Account Holder' in the concerned Account Contract shall be authoritative in respect of the deduction of the capital gains tax without any further examination of the tax residence of the person indicated as 'Co-account Holder'.

Foreign currency account products sold by K&H Bank not subject to capital gains tax: K&H court of guardians' FX bank account and its term deposits.

