Dual Currency Deposits

Key Features

Minimum Investment: USD 100,000 or the equivalent in another agreed currency (“the base currency”)

Accepted Currencies: All major currencies including MUR EUR, USD, GBP, CHF, AUD, CAD, ZAR, JPY

Term: The minimum term is 1 week; maximum term is 1 year

Interest: The interest rate is fixed and determined at the outset

Conversion: The conversion rate is also fixed and determined at the outset

Observation Date: 2 business days before maturity date – this is the date when the currency pair spot rate is checked against the conversion rate to determine the repayment currency

Advantages:

- Provides you with an enhanced interest rate compared to normal deposits
- Tailor your investment to suit your view, expectation and currency needs
- Portfolio diversification benefits

Risks:

- **Foreign Exchange Risk:** The deposit is exposed to foreign exchange risk. Principal and interest may be redeemed at maturity by the bank at its sole discretion in the Alternative Currency, and if the investor chooses to convert such amount back to the investment currency, they may incur a capital loss
- **Withdrawal Options:** Early redemption before maturity is not possible
- Transfer of the deposit to other banks is not possible.
- Credit Risk of SBM Bank (Mauritius) Ltd

Target Group:

This product is suitable if you have assets in more than one currency, if you have investment plans in a foreign currency, if you have a real need for the converted currency or a clear currency vision.

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Disclaimer:

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You are advised to consult your professional advisor before taking any decision or making an investment. All entities within SBM Group / SBM Holding Ltd disclaim all liability as regards any direct or consequential loss arising from any use of this message or the information contained therein.

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Example:

Customer has EUR 100,000, earning 0% (or even negative) interest on normal deposits. Current EUR/USD rate is at 1.12. Customer can enter into a one-month DCD with a conversion rate, similar to the prevailing EUR/USD rate, at 1.12. Interest rate achievable is 5.00 % p.a.

EUR/USD INVESTMENT

At inception,

Initial Deposit: at SBM EUR 100,000

PRE-AGREED TERMS, AT INCEPTION

Prevailing EURUSD Spot Rate: 1.1200
Term: 1 month
Conversion Currency: USD
Currency Pair: EUR/USD
Conversion Rate: 1.1200
Guaranteed Coupon/Interest Rate: 5.00 % p.a. on currency of initial deposit
Day Count Fraction: 30/360

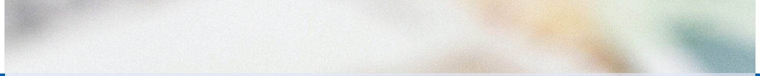
At Maturity,

Outcome 1 EUR/USD < 1.12

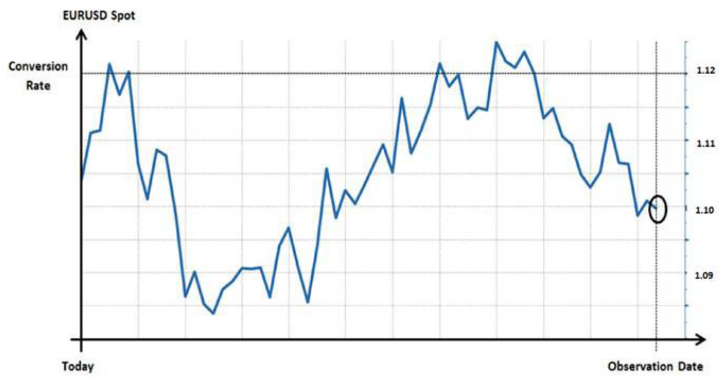
Interest: EUR 100,000*0.05 *30/360
= EUR 416.67
Deposit: EUR 100,000.00
Total Receipt: EUR 100,416.67

Outcome 2 EUR/USD ≥ 1.12

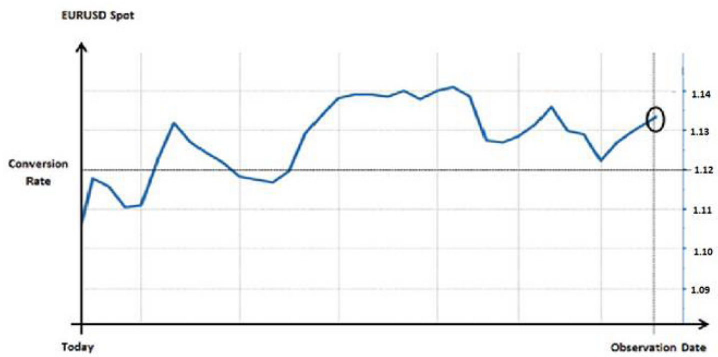
Interest: EUR 100,000*0.05 *30/360
= EUR 416.67
Deposit: EUR 100,000
Total Receipt: USD (100,416.67*1.12)
= USD 112,466.67



Outcome 1: Repayment in EUR



Outcome 2: Repayment in USD



What are Dual Currency Deposits?

Dual Currency Deposits (DCD) are short-term investments that offer depositors the possibility of receiving a substantially higher interest compared to normal fixed deposits. The DCD is linked to foreign exchange movements and is highly suited for investors with assets in more than one currency, with investment plans in a foreign currency, with needs in a foreign currency or with a clear currency vision.

How does it work?

Briefly, on opening, the investor places an initial deposit amount in one currency, as a fixed term deposit with SBM, for a pre-agreed enhanced interest rate that will be paid at maturity. The predetermined tenor / time horizon may range from one week to one year. A conversion rate, known as the "Strike Rate" will also be pre-specified. At maturity, the currency for the repayment of capital and interest will then depend on whether the rate agreed (Strike Rate) is greater or below the prevailing spot.