

Key Information Document

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

Interest Rate Collar (buy floor and sell cap)

Manufacturer: UniCredit Bank S.A. – www.unicredit.ro

Call +40 21 2002020 for more information.

Competent Authority: Supervised by National Bank of Romania

Production date of the KID: 06/07/2021

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

1. What is this product?

Type

An Over the Counter (OTC) derivative contract – Interest Rate Collar (buy floor and sell cap)

Objectives

Interest Rate Collars are used for managing interest rate risks.

An Interest Rate Collar (buy floor and sell cap) is an agreement between two contracting parties (client/UniCredit Bank S.A.), where you buy an interest rate floor and sell an interest rate cap at the same time. If the reference rate (e.g. EURIBOR) falls below the agreed floor rate on an interest-fixing date during the contractually agreed term, you receive a compensation payment for the respective interest period (e.g. 3 months) which is calculated as difference between the floor rate and the reference rate, based on the notional amount. If the reference rate exceeds the agreed cap rate on an interest-fixing date during the contractually agreed term, you pay a compensation payment for the respective interest period which is calculated as difference between the reference rate and the cap rate, based on the notional amount. Any interest rate with applicable periods (e.g. 3 month EURIBOR) can be selected as the reference rate. An interest-fixing occurs two banking days before the start of the respective interest period.

When entering into an Interest Rate Collar (buy floor and sell cap) you may pay or receive an option premium depending on the agreed floor and cap rate. In case you pay an option premium, the option premium is not refundable. The amount of the option premium depends among other things on the term of the option, the level of the floor and cap rate and the volatility of the reference rate. Terms of up to 10 years are customary. The term of this agreement is divided into individual interest periods, which are determined by the period applicable to the reference rate.

The notional amount of the Interest Rate Collar (buy floor and sell cap) serves merely to calculate the respective compensation payment. There is no amount payable/receivable equal to the notional amount.

You can enter into this product also in a foreign currency.

Sample product terms are set out below and are based on legally predefined or realistic assumptions and may not match your specific contract details.

Term	5 Years	Notional amount	EUR 10,000
Reference rate	3 months EURIBOR	Option premium	EUR 274
Floor rate	-1.00 % p.a.	Cap rate	1.00 % p.a.
Compensation payments	quarterly payments day-count convention act/360		
Day-count convention	act/360 means: Interest days in the counter are based on the number of calendar days. The calendar year in the denominator is set for 360 days. 30/360 means: The calendar month consists of 30 interest days. The calendar year is set for 360 days.		

Intended retail investor

This product is designed for retail investors who

- hold this product for the contractually agreed term,
- are in the position to bear losses that may be unlimited and
- have comprehensive knowledge of and/or past experience with OTC derivatives and the financial markets.

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

Risk Indicator

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 7 out of 7, which is the highest risk class.



Be aware of currency risk. You may pay and/or receive payments in a different currency, so the final return you will get depends on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.

In some circumstances you may be required to make payments to pay for losses. The total loss you may incur may be significant.

This product does not include any protection from future market performance so you could incur significant losses.

Performance Scenarios

Market developments in the future cannot be accurately predicted. The scenarios shown are only an indication of some of the possible outcomes based on recent returns. Actual returns could be lower.

Notional amount EUR 10,000		1 year	3 Years	5 Years (Recommended holding period)
Stress scenario	What you might get back or pay after costs	EUR -274	EUR -274	EUR -274
	Average return/loss each year	-2.74 %	-0.91 %	-0.55 %
Unfavourable scenario	What you might get back or pay after costs	EUR -274	EUR -274	EUR -274
	Average return/loss each year	-2.74 %	-0.91 %	-0.55 %
Moderate scenario	What you might get back or pay after costs	EUR -274	EUR -274	EUR -274
	Average return/loss each year	-2.74 %	-0.91 %	-0.55 %
Favourable scenario	What you might get back or pay after costs	EUR -274	EUR -274	EUR -274
	Average return/loss each year	-2.74 %	-0.91 %	-0.55 %

This table shows the money you could get back or pay over the next 5 years, under different scenarios, assuming a notional amount of EUR 10,000. 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 on how the value of this investment varies, and are not an exact indicator. What you get or pay will vary depending on how the market performs and how long you keep the product.

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

The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back or pay.

3. What happens if UniCredit Bank S.A. is unable to pay out?

Counterparties of derivative transactions are exposed to the risk that UniCredit Bank S.A. becomes unable to discharge its obligations under the transaction, for example in the case of an insolvency (inability to pay or overindebtedness) or in the case resolution measures are taken by an authority against the credit institution. Such a decision to take resolution measures can, for example, be taken if the assets of the institution are less than its liabilities, where it is unable or will, in the near future, be unable to pay its debts or other liabilities as they fall due, or where it requires extraordinary public financial support. Where resolution measures are taken, the competent resolution authority can decide on an early termination of the derivative transaction. In the case such early termination results in a claim of the counterparty against the credit institution, the decision of the resolution authority can lead to a partial or complete reduction of the principal amount of this claim or in a conversion of this claim in to equity (shares or other types of equity).

If UniCredit Bank S.A. does not fulfil its obligations connected with the product or is unable to pay, you can lose part of or the full payout or can suffer an unlimited loss. This product is not protected by any deposit guarantee scheme, legal or otherwise, or any other type of guarantee.

4. What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the performance of the product. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself for the recommended holding period. The figures assume a notional amount of EUR 10,000. The figures are estimates and may change in the future.

Costs over time

The person selling you 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. The following table is based on the recommended holding period which is equal to the contractually agreed term.

Notional amount EUR 10,000 Scenarios	If you end after 5 years (Recommended holding period)
Total costs	EUR 291
Impact on return (RIY) per year	0.58 %

Composition of costs

The table below shows:

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

This table shows the impact on return per year			
One-off costs	Entry costs	0.58 %	The impact of the costs already included in the price or the terms of your product. This is the most you will pay, and you could pay less. This includes the costs of distribution of your product.
	Exit costs	0%	No costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	0%	Not applicable
	Other ongoing costs	0%	Not applicable
Incidental costs	Performance fees	0%	Not applicable
	Carried interests	0%	Not applicable

5. How long should I hold it and can I take money out early?

Recommended holding period: 5 Years

The recommended holding period is equal to the contractually agreed term. You are not entitled to terminate the product unilaterally before the end of the contractually agreed term. This does not apply in case you have contractually agreed with UniCredit Bank S.A. that one party or both parties have the right to prematurely terminate this product upon notice to the other party and subject to a compensation payment (contractual early termination clause).

6. How can I complain?

You can make complaints about the product, or about the behaviour of the issuer of the product or of the person who provide information about the product or sell the product, on the following website www.unicredit.ro, in writing to UniCredit Bank SA, CTS department, 1F Expozitiei Blvd., Bucharest 012101, Romania or via e-mail to infocenter@unicredit.ro.

7. Other relevant information

Additional product information is available on request. UniCredit Bank S.A. reviews this Key Information Document annually. The latest version of the document is available for you at www.unicredit.ro/ro/cib in section "Documente Utile" under MIFID tab. In addition the Key Information Document can be obtained free of charge at UniCredit Bank SA, CTS department, 1F Expozitiei Blvd., Bucharest 012101, Romania. In case you need further information, feel free to contact us.