

# KEY INFORMATION DOCUMENT

## PURPOSE

This document informs you of the key information regarding this investment product. This document is not a marketing material. The communication of information is provisioned by the law with the purpose of helping you to understand the type, risks, costs and the potential gain as well as losses of this product and it assists you to compare this product with other products.

## PRODUCT

**Entering forward foreign currency exchange rate agreement - EUR/USD for 6 months period**

**These present prominent investor's information present the entering foreign currency exchange rate transaction for a chosen tenor (6 months) in a currency pair (EUR/USD) selected by the Bank.**

<b>Producer of the product:</b> MKB Bank Zrt. <b>Website:</b> <a href="http://www.mkb.hu">www.mkb.hu</a>	<b>Competent authority:</b> National Bank of Hungary <b>(Hungarian acronym: MNB)</b> pursuant to article 4 (9) of Act CXXXIX of 2013
Please call +36 1 472 6743 for further information	<b>Date of review:</b> 13 February 2019

**You are to purchase a product, which is complex and the understanding of which may be difficult.**

## WHAT IS THIS PRODUCT?

**Type:** 6 months entering forward foreign currency exchange rate agreement is a foreign currency conversion transaction, which provides complete exchange rate risk hedging even at a level more adverse than the simple forward exchange rate transaction agreement and additionally, to limited extent, it also allows profiting from rate shifts of favourable direction.

When an entering forward foreign currency exchange rate agreement is concluded the amount of currency wished to be converted, the expiry date of the transaction, the entering forward rate and a threshold level are established. The threshold level is always higher for foreign currency sales and it is always lower for foreign currency buys than the entering forward rate.

If on the expiry date the market rate is less favourable than the entering forward rate, the Customer can have the conversion performed at the entering forward rate.

If on the expiry date the market rate is more favourable than the entering forward rate

- and the market rate never reached the threshold level during the tenor, the Customer can have the conversion performed at the more favourable market rate;
- and the market rate reached the threshold level on minimum one occasion during the tenor the Customer must have the conversion performed at the entering rate.

**Purposes:** The purpose of concluding the entering forward foreign currency exchange rate agreement is hedging the exchange rate risk, on the one hand, and the exploitation of the changes in the market rates, on the other hand. In the case of transactions for risk hedging purpose the exchange rate risk may be eliminated partially, as if during the tenor the exchange rate of the given foreign currency pair reaches the threshold level a any time the opportunity to have the conversion performed at the more favourable expiry rate ceases. If you wish to have your share from the changes in the market rates, by concluding the entering forward foreign currency exchange rate agreement you expose yourself to the risk of market rate changes.

**Targeted retail investors:** Investors finding the product suitable based on their knowledge of the product and their experiences; any loss bearing investor in the case of contracting for risk hedging purposes, investors willing to undertake risks significantly exceeding the average level of risk bearings whose financial standing allows for the bearing of potential losses in the case of contracts for speculative purposes.

## WHAT ARE THE RISKS OF THE PRODUCT AND WHAT CAN I RECEIVE IN EXCHANGE?

In the case of transactions for hedging purposes you sacrifice the potential gains of favourable rate shifts in the interest of being protected against potential losses resulting from shifts of unfavourable direction. In the case of speculative transactions you may realise profit or loss compared to the spot market rate at the maturity of the transaction.

Based on daily assessment the Bank will be entitled to request additional security during the tenor of the transaction if the rate shift if not in favour of the Customer. If the Customer fails to comply with its obligation to provide additional security the Bank will close the entering forward foreign currency exchange rate deal with a transaction of opposite direction.

**Risk indicator**



The summary risk indicator gives a guideline as to the risk level of this Product compared to other products. It shows the probability of the investor purchasing the Product suffering a financial loss due to market changes.

**We categorised this product class 7 out of 7 classes, which is the highest risk category.**

The risk indicator assumes that you will hold on to the product until the expiry (which is 6 months in this case).

The actual risk can be significantly different, if you close the contract prior to the expiry, in which case you may realise a loss on the investment and in a special market situation it may even occur that you cannot close the contract in the wished time. During the tenor of the contract you will also have the opportunity to conclude a mirror contract, however, this contract may also result in significant losses in special market circumstances.

Due to a change in the market value the investor might either temporarily or in long term have to provide additional security. In the case of failing to provide additional security the existing forward contract may be terminated, as a result of which the investor will realise the loss existing on the deal immediately.

**Performance scenarios:** Principal amount: EUR 10,000

Possibilities of market shifts Scenarios	How big an amount can you receive or pay?	Annualised average profit, loss for the invested capital
<b>Stress scenario</b>	EUR 7260.71	-54.79%
<b>Adverse scenario</b>	EUR 8895.24	-22.10%
<b>Moderate scenario</b>	EUR 9614.11	-7.72%
<b>Favourable scenario</b>	EUR 10352.07	7,04%

The presented scenarios are future estimates given based on the changes in the value of the product in the past, assuming that you will hold on to the product until its expiry. The effective performance of the product may differ from the scenarios presented above, i.e. the performance realised by you at the expiry may change subject to the performance of the market.

The above table shows the amount received by your person after 6 months based on the different scenarios in the case of EUR 10,000 invested amount. The scenarios present the performance of the product in different market circumstances, therefore you have the opportunity to compare them with the scenarios of other products.

The stress scenario presents the performance (loss) expected in extreme market circumstances and does not consider the partner risk, i.e. the possibility of the insolvency of MKB Bank.

The presented figures include all the costs of the product, however, they do not show the costs paid to your adviser by your person. The figures do not consider your personal tax situation, which may also influence the amount received/paid at the expiry.

**WHAT HAPPENS IF MKB BANK ZRT. CANNOT PERFORM PAYMENT?**

The product is not insured by an investor protection system (neither OBA nor BEVA protection applies to the product), therefore if in the case of a potential insolvency MKB Bank Zrt. cannot perform its payment obligations, the resulting risks are not covered by the guarantee system.

**WHAT COSTS WILL ARISE?**

In the case of entering forward foreign currency exchange rate agreement the arising cost is the foreign currency rate margin at transaction conclusion constituting part of the contract price.

The costs expressed in % or amount presented here will arise at the conclusion of the agreement and during the tenor if you initiate the exclusion of the forward transaction with a mirror contract.

The figures are based on the assumption that you plan to convert EUR 10,000 within the framework of the entering forward transaction and the Bank will enforce 0.5% transaction margin. The figures are estimates and may change in the future.

## CHANGES IN THE COSTS IN TIME

Expiry scenarios	Exclusion during the tenor with mirror contract	Closure at expiry with mirror contract	Delivery at expiry
Total cost	margin x 2	margin x 2	margin x 1
Total cost %	1%	1%	0.5%
Total cost in EUR	EUR 100	EUR 100	EUR 50

## COMPOSITION OF THE COSTS

The following table presents how the different cost types will have an annual impact on the investment profit achievable by you at the end of the recommended holding period. These costs can be compared with the achieved yield. The meaning of the different cost categories were also included in the table.

### Composition of the costs:

One-off costs	Entrance costs	margin x 1	Costs paid by your person when the position is opened
	Exit costs	margin x 1	Costs paid in the case of excluding or closing the position with a mirror contract prior to expiry
		0	In the case of holding until expiry and delivery
Current costs	Annual transaction costs of the portfolio	0	Not applicable
	Other continuous costs	0	Not applicable
Accessory costs	Performance fees	0	Not applicable
	Share in profits	0	Not applicable

## HOW LONG SHOULD I HOLD ON TO THE PRODUCT AND HOW CAN I RECEIVE MY MONEY EARLIER?

**Recommended holding period: 6 months, which is the same as the tenor of the product.**

The settlement of entering forward foreign currency exchange rate agreement can be performed with the effective delivery of the foreign currency or HUF amounts or with the exclusion of the transaction with a forward foreign currency exchange rate agreement of the opposite direction and the settlement of the exchange rate difference on any bank business day during the tenor. The closure of the product prior to the end of the tenor is deemed an independent transaction.

## HOW CAN I FILE A COMPLAINT?

If you wish to file a complaint with respect to the sale of the product, you can visit any of our branches at MKB Bank Zrt. or you can do so by telephone, telefax, by mail or e-mail. Central address of correspondence: 1056 Budapest, Váci utca 38., Pf: 1821 Central e-mail address: [mkb@mkb.hu](mailto:mkb@mkb.hu).

Further information concerning complaint reports and the reporting form are at our <https://www.mkb.hu/elerhetosegek/panaszkezeles> website.

## ADDITIONAL KEY INFORMATION

<https://www.mkb.hu/uzleti/vallalatoknak/befektetessekkel-kapcsolatos-tajekoztatasok/kiemelt-befektetoi-informaciok>  
<https://www.mkb.hu/uzleti/kisvallalkozoknak/befektetessekkel-kapcsolatos-tajekoztatasok/kiemelt-befektetoi-informaciok>