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

Partial forward foreign currency exchange rate agreement - EUR/USD for 6 months tenor

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

Producer of the product: MKB Bank Zrt. **Website:** www.mkb.hu	**Competent authority: National Bank of Hungary (Hungarian acronym: MNB)** pursuant to article 4 (9) of Act CXXXIX of **2013**
Please call +36 1 472 6743 for further information	**Date of review:** 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 partial forward foreign currency exchange rate agreement is a foreign currency conversion transaction, in the course of which our Customer concludes an agreement with the Bank for the conversion of a foreign currency amount to another currency at a pre-defined exchange rate - more favourable than the effective forward rate - at a future expiry date if the spot rate at expiry is less favourable for the Customer than the pre-defined forward rate. However, if the spot rate at expiry is more favourable for our Customer, the Customer will be obliged to convert only half of the pre-defined foreign currency amount, the other half can be converted at the more favourable market rate.

Example: for partial forward foreign currency exchange rate agreement for EUR/USD currency pair and () and 6 months tenors:

Face value	EUR 10 000	Spot rate at contract conclusion	EUR/USD 1.1513
Tenor	6 months	Forward rate specified for expiry	EUR/USD 1.193

Outcomes:

1. If at the end of the tenor (6 months) the spot rate is under the expiry rate specified in the course of the transaction contracting, the Customer can have half of the amount converted at the expiry rate and the other half at the more favourable spot rate.

2. If at the end of the tenor (6 months) the spot rate exceeds the expiry rate specified in the course of the transaction contracting the Customer will be obliged to have the total amount converted at the expiry rate defined during the contracting.

Purposes: The purpose of concluding the partial 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 of risk hedging purpose the exchange rate risk can be eliminated completely as in this construction the rate of the settlement is specified in the course of the contracting. If you wish to have your share from the changes in the market rates, by concluding the partial 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. Investors wishing to have the Product to hedge an already existing risk. In the case of speculative contracting the investors, who are willing to assume risks significantly exceeding the general level of risk assumption and whose financial position permit the bearing of potentially occurring losses.

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

Partial forward foreign currency exchange rate transaction is concluded at a forward rate more adverse than that of simple forward agreements, however, in exchange for that, when the transaction expires the Customer will only have half of the pre-defined foreign currency amount converted if the spot rate is more favourable for the Customer, and the conversion of the other half of the amount is performed at the more favourable market rate. In the case of transactions for hedging purposes you will only partially 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 forward 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 forward foreign currency exchange rate transaction with a conversion of opposite direction and settle the difference as of the maturity date of the forward foreign currency exchange rate transaction

Risk indicator

Low risk	<	1	2	3	4	5	6	**7**	>	High risk

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
Stress scenario	EUR 8590.49	-28.19%
Adverse scenario	EUR 9398.79	-12.02%
Moderate scenario	EUR 9754.27	-4.91%
Favourable scenario	EUR 10238.41	4,77%

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 partial forward foreign currency exchange rate agreements the arising cost is the foreign currency exchange rate margin, which is the difference of the spot market rate and the transaction rate.

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 partial forward transaction and the Bank will enforce 0.7% 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 %	1.4%	1.4%	0.7%
Total cost in EUR	EUR 140	EUR 140	EUR 70

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 partial forward foreign currency exchange rate agreement can be performed with the effective delivery of the foreign currency amounts or with the exclusion of the transaction with a partial 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.

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/befektetesekkel-kapcsolatos-tajekoztatasok/kiemelt-befektetoi-informaciok
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