

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

Interest Rate Swap – (IRS) agreement - for 3 years tenor, for 3 months EURIBOR interest swap for fixed interest rate. This key investor's information presents the interest swap agreement deal of a selected changing reference interest rate (3 months EURIBOR) and a chosen tenor (3 years) selected by the bank.

Producer of the product: MBH Bank Nyrt. Website: www.mbhbank.hu	Competent authority: National Bank of Hungary (Hungarian acronym: MNB) pursuant to article 4 (9) of Act CXXXIX of 2013
Please call +36 1 373 3333 for further information	Date of revision: 15 Aug 2024

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

WHAT IS THIS PRODUCT?

Type: Interest Rate Swap - IRS is a bilateral agreement, in which the parties commit themselves to swap an interest cash flow calculated according to a certain interest establishment method for a specified principal amount, as for basis of calculation, in predefined future times with another interest cash flow calculated according to another interest establishment method. The parties divide the period agreed on in the contract to shorter interest periods in line with the periods applied to the reference interest rate.

During the interest swap transaction it is possible to change the fixed interest concerning the same currency to changing interest or on the other way around. The fixed interest rate is specified by the contracting parties when the contract is concluded. The effective percentage of the prime rate is established two banking days preceding the given interest period.

Information presented in this document illustrate the case, when the customer of the Bank changes the changing interest (3 months EURIBOR) to fixed interest. In the background of the transaction there is the expectation of the customer that in the coming period the 3 months EURIBOR will have significant increase and the customer wishes to mitigate the risk of additional costs resulting from the interest rate increase by a swap for fixed interest.

Example:

Face value	EUR 10 000	Tenor	3 years
Customer receives (Changing interest)	3 months EURIBOR	Customer pays (fixed interest)	1% p.a.
start date	17/07/2018	Expiry date:	17/07/2021

Purposes: The fundamental purpose of concluding an interest swap contract is to manage the interest risk. Based on what is presented in this document the customer of the Bank expects the increase of the market interest rates, for which reason it wishes to change the currently existing loan with changing interest to that of fixed interest rate, fixing thus the amount of interest payable for its loan.

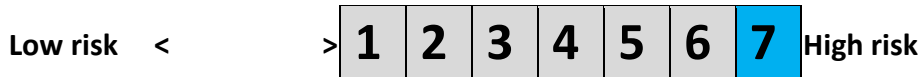
The due interest payments are settled in gross, i.e. at the end of the different interest periods the parties effectively pay the fixed and changing interests to each other. If this changing interest rate and/or fixed interest rate has a minus sign, the direction of the given interest payment turns around.

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 and for whom capital protection is not a consideration when the investment decisions are made.

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

During the transaction presented in this document a changing interest is swapped for a fixed interest rate higher than the present changing interest. If during the tenor the changing interest rate exceeds the fixed interest established when the interest swap contract was concluded, the customer will make a profit on it as the interest payment is less than it would be if it still paid the changing interest rate. However, if the expected interest rate increase does not happen and the changing interest remain lower than the fixed interest rate established when the interest swap contract was concluded, the customer will make a loss, as due to the fixed interest it has to pay a higher amount.

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 3 years in this case).

The effective risk can significantly differ if you terminate the contract before the expiry, in which case you may realise a loss on the investment and in a special market situation it may even happen that you will not be able to terminate the contract in the time you wish to do so. During the tenor of the contract it is possible to conclude a mirror contract, however this may also result in significant loss in the given 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 interest swap 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		1 year	Half of the tenor	Tenor (3 years)
Stress scenario	Amount received or payable after the payment of the costs	9 862,62	9 881,58	9832,54
	Annualised average profit, loss for the invested capital	-1,37%	-0,79%	-0,56%
Adverse scenario	Amount received or payable after the payment of the costs	9 924,89	9 908,01	9869,91
	Annualised average profit, loss for the invested capital	-0,75%	-0,61%	-0,44%
Moderate scenario	Amount received or payable after the payment of the costs	10 000,00	10 000,00	10 000,00
	Annualised average profit, loss for the invested capital	0,00%	0,00%	0,00%
Favourable scenario	Amount received or payable after the payment of the costs	10 074,14	10 090,81	10 128,42
	Annualised average profit, loss for the invested capital	0,74%	0,60%	0,43%

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 presents the profits and losses, which may be gained in the case of different scenarios, assuming EUR 10,000 face value. 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 risk event of the insolvency of MBH 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 MBH BANK NYRT. 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 MBH Bank Nyrt. cannot perform its payment obligations, the resulting risks are not covered by the guarantee system.

WHAT COSTS WILL ARISE?

In the case of interest swap deals the arising cost is the interest margin being part of the contracting fee when the agreement is concluded.

CHANGES IN THE COSTS IN TIME

Face value EUR 10 000	Total cost (in EUR) if you hold on to the product until its expiry (3 years)	Total cost %
	EUR 180	1.8%

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	0	Not applicable
	Exit costs	0	There are not additional costs in the case of holding on to the product until expiry
Current costs	Annual transaction costs of the portfolio	0	Not applicable
	Other continuous costs	margin x 1	0.6% p.a. - interest margin
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: 3 years, which is the tenor of the product. The interest swap contract can be terminated with a mirror contract even prior to the expiry.

HOW CAN I COMPLAIN?

Should you wish to lodge a complaint concerning the sale of the product, you may make it personally at any branch of MBH Bank Nyrt., or by phone, fax, mail or e-mail. Central mailing address: 1056 Budapest, Váci utca 38., Pf: 1821. Central email address: ugyfelszolgalat@mbhbank.hu

For further information about lodging a complaint and for the complaint form, please visit our website at [Panaszbejelentés \(mbhbank.hu\)](https://www.mbhbank.hu/panaszbejelentes)

OTHER RELEVANT INFORMATION

<https://www.mbhbank.hu/uzleti/vallalatoknak/treasury-szolgaltatasok/hataridos-arfolyam-megallapodas>

<https://www.mbhbank.hu/uzleti/kisvallalkozoknak/treasury-szolgaltatasok/hataridos-arfolyam-megallapodas>