



# 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

### Dual Currency Deposit EUR/USD 3-Month

In addition to the EUR/USD, this key information document is also applicable to the following currency pairs: EUR/PLN, EUR/SEK, EUR/NOK, EUR/CNY, AUD/USD, USD/CHF, USD/DKK, USD/CAD, USD/RSD, USD/BGN, USD/HRK

Product manufacturer: MKB Bank Zrt., website: [www.mkb.hu](http://www.mkb.hu)

For further information, please call +36 1 472 6743.

Pursuant to Article 4(9) of Act CXXXIX of 2013, in respect of this key information document, the competent authority is the Magyar Nemzeti Bank (National Bank of Hungary).

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

## WHAT IS THIS PRODUCT?

**Type:** 3-month dual currency deposit is a structured financial instrument that combines a term deposit (financial fund element) and an options transaction (financial instrument element). The product is essentially about establishing a term deposit with a simultaneous obligation to sell as regards the amount of the specific term deposit.

The transaction provides higher interest rate than the rates applied to traditional term deposit deals; in exchange the Customer agrees that the Bank may convert the deposited FX amount at maturity into a different currency applying a pre-established exchange rate.

**Objectives:** The aim in establishing a dual currency deposit agreement is to realise higher interest rate than the rates applicable to standard term deposits, particularly in market situations when holding a FX instrument due to low interest rate would be unfavourable, simultaneously undertaking the risk that the currency of the term deposit may change. Such transactions may also be concluded with an aim to request FX conversion as regards the amount of the specific term deposit.

**Intended retail investor:** Any investor finding the product suitable based on the available relevant knowledge and experience. In the framework of investment consultation the product is targeted at any investor with medium loss-bearing capacity who has sufficient liquid funds in addition to the available investments and a willingness to assume a limited amount of risk, and whose financial situation makes it possible to bear any potentially resulting loss.

## WHAT ARE THE RISKS AND WHAT COULD I GET IN RETURN?

The product provides no protection against unfavourable spot rate movement, i.e. the conversion may take place at a less favourable exchange rate than the spot rate valid at maturity. However, irrespective of whether the conversion takes place or not a pre-agreed interest higher than the rates applied to standard term deposit transactions shall be paid to the Customer at maturity in any case in the currency of the established term deposit.

## Risk indicator

Low risk

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> High risk

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.

We have classified this product as 3 out of 7, which is a medium-low risk class. This rates the potential losses from future performance at a medium level.

The risk indicator assumes that you keep the product until its maturity (in this case, for a period of 3-month).

**Performance scenarios:** Capital: EUR 10,000

| Potential market movements Scenarios | How much money can you receive or pay? | Annualised average gain/loss on the invested capital |
|--------------------------------------|--|--|
| Stress scenario                      | 8322,13 EUR                            | -67,11%  |
| Unfavourable scenario                | 9672,01 EUR                            | -13,12%  |
| Moderate scenario                    | 10111,87 EUR                           | 4,47%  |
| Favourable scenario                  | 10111,87 EUR                           | 4,47%  |

The scenarios presented are an estimate of future performance based on evidence from the past, and are based on the assumption that you hold the product until maturity. The actual performance of the product may be different from those presented in the above scenarios, meaning that the amount you realise at maturity may vary depending on market performance.

The above table shows the amount you may get back on an investment of EUR 10.000 after 3 months based on the different scenarios. The summary scenarios illustrate the performance of the product under various market circumstances, so that you can compare them with scenarios of other products.

The stress scenario shows the yield (loss) that may be realised under extreme market conditions, and does not take into account the counterparty risk, i.e., the risk that MKB Bank will be unable to pay.

The presented figures include all the costs of the product itself, however, they do not include the payments you may make to your advisor. The figures do not take into account your personal tax situation, which may also affect how much you receive or pay at maturity.

## WHAT HAPPENS IF MKB BANK ZRT. IS UNABLE TO PAY OUT?

The product is not insured by either of the investment protection schemes (not guaranteed under the Deposit Insurance Fund [OBA] or the Investor Protection Fund [BEVA]), therefore, should MKB Bank Zrt become insolvent and unable to perform its payment obligations, the resulting losses will not be compensated for by the guarantee schemes.

## WHAT ARE THE COSTS?

In case of establishing a dual currency deposit agreement the relevant cost at the time of contract conclusion shall include the margin applicable to the premium of the undertaken options obligation.

The costs presented in this document, expressed as percentages or amounts, shall incur at the time of contract conclusion. The product may not be terminated, and the conversion may take place having regard to the market rate valid at maturity, to be settled at the specific options rate.

The numerical data are based on the assumption that a conversion option term deposit of EUR 10,000 is planned along with 0.4% transaction margin applied by the Bank. The figures are estimates, subject to change in future.

## COST OVER TIME

| Maturity scenarios | Closing out with a reverse deal before maturity | Closing out with a reverse deal at maturity | Delivery at maturity |
|--------------------|---|---|----------------------|
| Total cost         | margin x 1                                      | -   | -                    |
| Total cost %       | 0.4%  | -   | -                    |
| Total cost in euro | EUR 40  | EUR 0                                       | EUR 0                |

## COMPOSITION OF COSTS

The table below shows the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period. These costs are comparable with the achieved yield. The table also explains what the different cost categories mean.

### Composition of costs

|                         |   |           |   |
|-------------------------|---|-----------|---|
| <b>One-off costs</b>    | <i>Entry costs</i>                        | 1x margin | The costs you pay when opening the position |
|                         | <i>Exit costs</i>                         | 0         | Not applicable                              |
| <b>Ongoing costs</b>    | <i>Annual portfolio transaction costs</i> | 0         | Not applicable                              |
|                         | <i>Other ongoing costs</i>                | 0         | Not applicable                              |
| <b>Incidental costs</b> | <i>Performance fees</i>                   | 0         | Not applicable                              |
|                         | <i>Carried interests</i>                  | 0         | Not applicable                              |

## HOW LONG SHOULD I HOLD IT AND CAN I TAKE MONEY OUT EARLY?

Recommended holding period: 3-month, corresponding to the term of the product

The term deposit may not be terminated during tenor.

## 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 MKB ZRT., or by phone, fax, mail or e-mail. Central mailing address: 1056 Budapest, Váci utca 38., Pf: 1821. Central e-mail address: [mkb@mkb.hu](mailto:mkb@mkb.hu)

For further information about lodging a complaint and for the complaint form, please visit our website at <https://www.mkb.hu/elerhetosegek/panaszkezeles>

## OTHER RELEVANT INFORMATION

<https://www.mkb.hu/uzleti/vallalatoknak/treasury-szolgalatasok/hataridos-arfolyam-megallapodas>

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