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

Foreign Exchange Forward Agreement EUR/TRY 12-Month

In addition to the EUR/TRY, this key information document is also applicable to the following currency pairs: EUR/RUB, EUR/CAD, EUR/GBP, EUR/AUD, EUR/JPY, GBP/AUD, GBP/CAD, GBP/USD, USD/NOK, USD/SEK, USD/JPY, USD/HUF, USD/CZK, USD/PLN, USD/RUB, USD/TRY, NZD/USD

The information in this document equally applies to the purchase and the sale of the given foreign currency. E.g. the information provided in respect of the EUR/HUF currency pair applies to the product involving the purchase of EUR and the product involving the sale of EUR alike.

Product manufacturer: MKB Bank Zrt., website: 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: The 12-month foreign exchange forward is a contract for exchanging one currency for another after the lapse of the settlement period of 365 days, at a price (exchange rate) that is fixed on the date of the contract. The conversion (on day T+365) takes place at the forward rate, regardless of the spot market price. The contract price is to be calculated based on the spot rate effective at the time of the transaction and the difference between the exchange rates of the two currencies.

Objectives: The objective of a forward foreign currency contract is to manage foreign exchange risk on the one hand, and to capitalise on the changes in the exchange rates on the market, on the other. If you seek to hedge against risks, your exposure to exchange rate risk can be fully eliminated, since in the case of this product the settlement rate is set at the time when the deal is concluded. Should you wish to capitalise on the changes in the market rates, by concluding the foreign currency future contract you incur the risk of changes in the exchange rates on the market.

Intended retail investor: Investors for whom this product is appropriate based on their knowledge and experience with this product; in the case of a contract for hedging against risks, any investor who can absorb losses; in the case of a speculative deal, investors willing to undertake a risk to an extent significantly higher than the average exposure level, and who are in a financial position allowing for bearing potential losses.

Investors should have sufficient liquid funds to provide additional coverage in case of unfavourable changes in the exchange rates.

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

A forward foreign currency contract is binding to both parties even if the spot market price at maturity is more favourable than the settlement price. In the case of a hedge transaction, you waive your right to potential gains from a favourable change in the exchange rates in order to obtain protection against a potential loss resulting from an adverse change. In the case of a speculative deal, you may realise either loss or gain at maturity, depending on the spot market rate.

During the term of the forward contract, the Bank – based on a daily evaluation – may require additional cover from the client if the movements of the exchange rate are favourable for the client. In the event that the client fails to fulfil his obligation to provide the additional cover, the Bank will terminate the position by executing a reversing conversion, and settle the difference as at the maturity date of the forward foreign currency contract.

Risk indicator

Low risk	<	1	2	3	4	5	6	7	>	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 7 out of 7, which is the highest risk class.
The risk indicator assumes that you keep the product until its maturity (in this case, for a period of 12-month).

The actual risk can vary significantly if you close out the deal before its maturity date, in such a case you may realise a loss on your investment; further, under special market conditions you may be unable to close the transaction at the desired time. You may conclude a reverse deal during the term of the contract, but this may also result in significant loss under special market conditions.

Due to changes in the market value, investors may incur an obligation, either temporarily or continually, to provide additional cover. Failure to provide additional cover may result in the termination of the forward position, whereby the investor will promptly realise the loss on the transaction.

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	5918,84 EUR	- 40,81%
Unfavourable scenario	9684,25 EUR	-3,16%
Moderate scenario	11254,29 EUR	12,54%
Favourable scenario	13159,38 EUR	31,59%

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 12 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?

The cost charged in the case of a forward foreign currency contract, is the exchange rate margin – the difference between the spot market price and the contract price – included in the strike price, charged at the time when the deal is concluded.

The costs presented here either as a percentage rate or an amount are charged at the time of concluding the contract and during the term thereof, if you request to close out the forward deal by way of a reverse transaction.

The figures assume that you intend to convert EUR 10,000 by way of a forward transaction and the Bank applies a 0.5% margin on the transaction. The figures are estimates and may change in the 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	2x margin	2x margin	1x margin
Total cost %	1%	1%	0.5%
Total cost in euro	EUR 100	EUR 100	EUR 50

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

One-off costs	*Entry costs*	1x margin	The costs you pay when opening the position
	Exit costs	1x margin	The cost of closing out or exiting your investment when it matures
		0	Holding until maturity and delivery have no extra costs
Ongoing costs	*Annual portfolio transaction costs*	0	Not applicable
	Other ongoing costs	0	Not applicable
Incidental costs	*Performance fees*	0	Not applicable
	Carried interests	0	Not applicable

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

Recommended holding period: 12-month, corresponding to the term of the product

A forward foreign currency contract may be settled by the actual delivery of the foreign currency or forint amounts, or by closing out the position by a reverse forward currency contract and settling the price difference on any banking day during the term. Termination of the contract before its maturity classifies as an individual deal.

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

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-szolgaltatasok/hataridos-arfolyam-megallapodas
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