



## 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 Option EUR/HUF 1 Month

**In addition to the EUR/HUF, this key information document is also applicable to the following currency pairs: EUR/CHF, EUR/RON, EUR/CZK, EUR/HRK, EUR/BGN, EUR/DKK**

The information in this document equally applies to the purchase and the sale of the given option.

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).

Date of production: 07 February 2018.

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

### WHAT IS THIS PRODUCT?

**Type:** 1 month FX option is a foreign exchange conversion agreement that grants the buyer the right to buy or sell a specific FX amount according to the particular options right on a specific day (T+30 days; European type option) at a pre-agreed fixed rate in exchange for a different currency against payment of options fee. The price of the FX option is the options fee determined as a percentage of the specific FX amount or in exchange rate points, payable at the time of concluding the transaction..

**Objectives:** The aim in establishing a FX option agreement is to manage FX risk while taking advantage of the benefits offered by potential favourable exchange rate movement. For the purposes of risk assumption, the aim in case of writing an option is to realise options fee, while in case of buying an option the aim is to exploit positive market rate change in a manner that any negative change in the market rate can only be of limited extent.

**Intended retail investor:** Any investor finding the product suitable based on the available relevant knowledge and experience; for the purpose of hedging it is targeted at any investor with a loss-bearing capacity; for speculative purposes the product is aimed at any investor with sufficient liquid funds in addition to the available investments also willing to assume significantly higher than the average risk, whose financial situation makes it possible to bear any potential loss.

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

A call option entitles the buyer to buy the quoted currency at options rate from the option seller, to take place if the spot rate at the time of maturity is higher than the specific call rate. A put option entitles the buyer to sell the quoted currency at options rate to the option seller, to take place if the spot rate at the time of maturity is lower than the specific call rate. The option buyer shall benefit from any favourable exchange rate movement without limit, while assuming limited FX risk and paying options fee. For an option seller the maximum gain shall be the options fee, while the potential loss to be borne is unlimited.

## Risk indicator

Low risk

<



> 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 1 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	10000,00 EUR	0,00%
Unfavourable scenario	10000,00 EUR	0,00%
Moderate scenario	10000,00 EUR	0,00%
Favourable scenario	10083,40 EUR	10,01%

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 1 month 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 FX option agreement the relevant cost at the time of contract conclusion shall include the transaction margin represented in the options premium.

The costs presented in this document, expressed as percentages or amounts, shall incur at call of the option, or during tenor if discharge of FX option via counter transaction is initiated.

The numerical data are based on the assumption that the conversion of EUR 10,000 via FX option is planned along with 0.6% 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 2	margin x 2	margin x 1
Total cost %	1.2%	1.2%	0.6%
Total cost in euro	EUR 120	EUR 120	EUR 60

## 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>	1x margin	The cost of closing out or exiting your investment when it matures
		0	Holding until maturity and delivery have no extra costs
<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: 1 month, corresponding to the term of the product**

FX option transactions may be settled by actual delivery of the specific currency or HUF amount, or by discharge via counter transaction and settlement of the exchange difference at settlement date. Terminating the product before maturity shall be deemed to be a separate transaction.

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