

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

Forward foreign currency exchange rate agreement of average price for EUR/USD currency pair for a series of forward transactions of 2, 4 and 6 months tenors.

These present prominent information for investors presents forward foreign currency exchange rate transactions of average price via 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 forward agreement of average price is an exchange market transaction, in the course of which our Customer contracts the Bank for the conversion of foreign currency amounts previously registered with several different maturity dates (the volume of which may differ per maturity) at a (forward) exchange rate - previously specified for every single maturity - to another currency regardless of the changes of the spot rate.

Example: for forward foreign currency exchange rate agreement of average price for EUR/USD currency pair and 2, 4 and 6 months tenors:

Due date	Cash amount	Forward rate of average price (customer sell rate)	Forward rate calculated at the conclusion of the transaction
in 2 months	EUR 10 000	1.1640	1.1600
in 4 months	EUR 10 000	1.1640	1.1655
in 6 months	EUR 10 000	1.1640	1.1715

Purposes: The purpose of concluding forward foreign currency exchange rate agreements of average price is the management of the foreign currency exchange rate risk. In the case of contracts for risk hedging the exchange rate risk can be eliminated completely as in this construction the exchange rate of the settlement is specified at the time of the contracting, every conversion transaction will be performed at the previously specified forward exchange rate regardless of the spot rates effective at the different maturity dates.

Targeted retail investors: Investors finding the product suitable based on their knowledge of the product and their experiences; any loss bearing investor in the case of contracting for risk hedging purposes, investors willing to undertake risks significantly exceeding the average level of risk bearings whose financial standing allows for the bearing of potential losses in the case of contracts for speculative purposes.

The limit requirement of forward agreements with average price is higher than that of simple forward contract series including elements of the same amount and maturity.

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

The forward rate agreement of average price will remain binding for both parties even if the spot rate at the time of maturity is more favourable than the settlement exchange rate. In the case of transactions for hedging purposes you 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 of average price 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 of average price with a conversion of opposite direction and settle the difference as of the maturity date of the forward foreign currency exchange rate transaction of average price.

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 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 9210.59	-15,79%
Adverse scenario	EUR 9956.81	-0,86%
Moderate scenario	EUR 10185.17	3,70%
Favourable scenario	EUR 10410.34	8,21%

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 forward foreign currency exchange rate agreements of average price 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 forward transaction of average price 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 forward foreign currency exchange rate agreement of average price can be performed with the effective delivery of the foreign currency amounts or with the exclusion of the transaction with a 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/befektetessekkel-kapcsolatos-tajekoztatasok/kiemelt-befektetoi-informaciok>
<https://www.mkb.hu/uzleti/kisvallalkozoknak/befektetessekkel-kapcsolatos-tajekoztatasok/kiemelt-befektetoi-informaciok>