

# Key Information Document



## PURPOSE

This document provides you with key information about this 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.

## THE PRODUCT

**Name of the product:** Dual currency investment USD-EUR

**Name of PRIIP manufacturer:** K&H Bank Zrt.

Website for PRIIP manufacturer: [www.kh.hu](http://www.kh.hu) Call 06 1/20/30/70 335 3355 for more information!

National Bank of Hungary (MNB) is responsible for supervising K&H Bank Zrt. in relation to this Key Information Document.

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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:** Structured product

**Term:** maximum 1 year, but a deal can be entered into for a shorter term depending on the client's hedging needs

### Objectives:

The dual currency investment is a short-term investment in USD that offers a higher yield, and in return you accept the possibility that the invested principal may be repaid to you in EUR. A dual currency investment involves an investment placed in USD (base currency) with the proviso that the Bank may repay the principal in EUR (secondary currency), if at expiry the cross rate of the two currencies is at or below a pre-defined exchange rate level (conditional exchange rate). It is this conditional conversion obligation that secures for your fixed investment an interest rate that is higher than the market rate.

If the conversion condition is met, the invested capital is returned to the client in EUR. Interest payments, however, will always be made in the base currency, regardless of whether the principal has been converted or not. The investment cannot be cancelled during the tenor so you cannot get back the principal prior to expiry (security investment).

### Intended retail investor:

The product targets retail investors who are interested in risk management and have a short-term (within 1 year) investment time frame. The product is suitable for investors (dynamic, daring) with an average level of knowledge and/or experience with financial products who accept risks, including limited capital loss.

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

### Risk indicator



Recommended holding period: until the maturity of the deal. The risk indicator assumes you keep the product until maturity. You can not cash in earlier.

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 or because we are not able to pay you. We have classified this product as 1 out of 7, which is 'the lowest' risk class.

This rates the potential losses from future performance at very low level, and poor market conditions are very unlikely to impact the capacity of K&H Bank Zrt. to pay you.

**Be aware of currency risk. You will receive payments in a different currency, so the final return you will get depend on the exchange rate between the two currencies. This risk is not considered in the indicator shown above.**

In some circumstances you may be required to make further payments to pay for losses. **The total loss you may incur may significantly exceed the amount invested.**

This product does not include any protection from future market performance so you could lose some or all of your investment.

### Performance scenarios

| Example                       |                                              |
|-------------------------------|----------------------------------------------|
| Notional                      | 10 000 USD                                   |
| Secondary currency            | EUR                                          |
| Tenor                         | 1 month                                      |
| Type of interest              | fix                                          |
| Interest payments             | on the expiry date, in the currency invested |
| Conditional exchange rate     | 1,0750 EUR/USD                               |
| Exchange rate monitoring date | second banking day before end of tenor       |

|                               |      |
|-------------------------------|------|
| Enhanced annual interest rate | 3,8% |
|-------------------------------|------|

This table shows the money you could get back to the given tenor, under different scenarios, assuming that you invest USD 10 000. The figures shown include all the costs of the product itself. The figures do not take into account your personal tax situation, which may also affect how much you get back.

| Recommended holding period: 1 month<br>Example Investment: 10 000 USD |                                                                                                                                                                   |                           |
|-----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Scenarios                                                             |                                                                                                                                                                   | If you exit after 1 month |
| Minimum                                                               | There is no minimum guaranteed return if you exit before 1 month. You could lose some or all of your investment or have to make further payments to cover losses. |                           |
| Stress scenario                                                       | What you might get back after costs                                                                                                                               | 10031.23 USD              |
|                                                                       | Average return                                                                                                                                                    | 0.31%                     |
| Unfavourable scenario                                                 | What you might get back after costs                                                                                                                               | 10031.23 USD              |
|                                                                       | Average return                                                                                                                                                    | 0.31%                     |
| Moderate scenario                                                     | What you might get back after costs                                                                                                                               | 10031.23 USD              |
|                                                                       | Average return                                                                                                                                                    | 0.31%                     |
| Favourable scenario                                                   | What you might get back after costs                                                                                                                               | 10031.23 USD              |
|                                                                       | Average return                                                                                                                                                    | 0.31%                     |

The scenarios shown illustrate how your product could perform. You can compare them with the scenarios for other products. The scenarios presented are an estimate of future performance based on evidence from the past on how the value varies and are not an exact indicator. What you get or might pay will vary depending on how the market performs and how long you keep the product. The stress scenario shows what you might get back in extreme market circumstances. This product cannot be cashed in. If you cash in before expiry you will have to pay high costs or make a large loss.

### WHAT HAPPENS IF K&H BANK ZRT. IS UNABLE TO PAY OUT?

You are exposed to the risk that K&H Bank Zrt. may not be able to fulfil its obligations arising from this product in the event of insolvency or an official order. In this case, a total loss of any claim for payment is possible. As this is not an investment-type product, it is not granted by the National Deposit Insurance Fund or the Investor Protection Fund coverage.

### WHAT ARE THE COSTS?

The reduction in yield shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs. The amounts shown here are the cumulative costs of the product itself. The figures assume you conclude a deal for a notional amount of USD 10 000. The figures are estimates and may change in the future. The person selling you or advising you about this product do not charge you other costs.

#### Costs over Time

The tables show the amounts that are taken from your investment to cover different types of costs. These amounts depend on how much you invest, how long you hold the product (and how well the product does). The amounts shown here are illustrations based on an example investment amount and different possible investment periods.

|                        | If you exit after 1 month (where applicable) |
|------------------------|----------------------------------------------|
| Total costs            | 6,25 USD (0,75%)                             |
| Annual cost impact (*) | 4,25%                                        |

#### 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, and the meaning of the different cost categories.

| One-off costs upon entry or exit                            |                                                                                                                                                                                                                     | If you exit after 1 month |
|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Entry costs                                                 | These costs are already included in the price you pay.                                                                                                                                                              | 35,42 USD                 |
| Exit costs                                                  | We do not charge an exit fee for this product.                                                                                                                                                                      | 0 USD                     |
| Ongoing costs [taken each year]                             |                                                                                                                                                                                                                     |                           |
| Management fees and other administrative or operating costs | 0% of the value of your investment per year. This is an estimate based on actual costs over the last year.                                                                                                          | 0 USD                     |
| Transaction costs                                           | 0% of the value of your investment per year. This is an estimate of the costs incurred when we buy and sell the underlying investments for the product. The amount will vary depending on how much we buy and sell. | 0 USD                     |
| Incidental costs taken under specific conditions            |                                                                                                                                                                                                                     |                           |
| Performance fees [and carried interest]                     | There is no performance fee for this product.                                                                                                                                                                       | 0 USD                     |

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

Recommended holding period: 1 month based on the example.

The recommended holding period corresponds to the agreed term. The product has a fixed tenor and cannot be cancelled during the tenor due to a hedging contract!

### **HOW CAN I COMPLAIN?**

- a) Verbally, in person, in bank branches, to the branch teller.
- b) Verbally, in person, via our phone customer services:
  - our K&H TeleCenter service at 06-(1/20/30/70)-335-3355,
  - our Corporate Customer Service at +36 1 468 7777 for corporate customers.
- c) In writing, in person, or in a document submitted by someone else, which can be handed in to the teller or branch manager in any of our branches. Alternatively, a pre-drafted form available in our branches may also be filled in.
- d) By traditional mail addressed to any of our branches or the Head Office (K&H Bank 1851 Budapest).
- e) By fax, addressed to the Head Office and sent to the bank's central telefax number: 06-1-328-9696.
- f) By e-mail sent to the bank's e-mail address (bank@kh.hu), or, for corporate clients, to vallalatigyszolgalat@kh.hu;
- g) Via another electronic channel, by writing a message in the e-box after logging on to the K&H retail, corporate or Trambulin e-bank site, or by writing a letter via the menu item 'how do you go about making a complaint or a comment?' on the bank's website (www.kh.hu).
- h) Written complaints concerning any deals conducted by the Markets Directorate are accepted directly by the dealers of the Markets Directorate either via their personal work e-mail address or through the treasurysales@kh.hu group e-mail address.

### **OTHER RELEVANT INFORMATION**

You may access the K&H Treasury Handbook of Market Risk Management and the Product Sheets relevant to individual products from the 'Companies - K&H Treasury Services' sub-page of K&H Bank's website (www.kh.hu). If requested, the Bank shall provide copies to customers. Pursuant to Act No. CXXXVIII of 2007 on Investment Firms, Commodities Exchange Service Providers and Regulations on Their Operations, the Bank publishes information about the historical evolution of exchange rates on kh Bank's website (www.kh.hu).