

# 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.

## Product

<b>Name of Product:</b>	<b>FRA - Forward Rate Agreement (Buy)</b>
Manufacturer:	Erste Bank Hungary Zrt. (part of Erste Group) www.erstebank.hu/en/contact-details Call +36 (06) 1 298 0223 for more information

Magyar Nemzeti Bank is responsible for supervising Erste Bank Hungary Zrt. in relation to this Key Information Document.

This PRIIP is authorised in Hungary.

Creation Date: 12/17/2024

**You are about to enter into a product, which is not simple and may be difficult to understand.**

## What is this product?

### TYPE

This product is an OTC ("over-the-counter") derivative contract.

### TERM

This product has a fixed term. It matures after 3 months.

### OBJECTIVES

The product is mainly used to hedge interest rate risks, but it can also be used to capture movements and developments in interest rates.

It is an individual contract between the client and the bank in which both parties agree on a fixed interest rate ("Forward Rate") for a certain future interest period.

In addition to the interest rate, two time periods are fixed:

- 1) Forward (Trade Date up to Settlement Date)
- 2) Total term (Forward + agreed Interest Period)

If the reference interest rate on the valuation date (usually two days prior to the Settlement Date = Beginning of the Interest Period) is

- a) higher than the forward rate, you will receive a compensation payment.
- b) lower than the forward rate, you will have to pay a compensation.

If the reference rate is equal to the forward rate, no compensation will be paid.

The compensation payment is calculated as the difference between the reference interest rate and the forward rate; based on the nominal amount and taking into account the agreed interest period. The compensation payment is made at the beginning of the interest period; discounted from the end of the interest period, using the fixed reference interest rate.

The nominal amount only serves as a basis for the calculation of the compensation payment. There is no amount payable or receivable equal to the nominal amount.

**The example product parameters shown below are based on assumptions and/or legal requirements, and thus serve as a basis for the calculation of the exemplary performance scenarios and costs. Therefore, they can differ from your specific contract details (e.g. nominal amount, currency, term).**

Nominal Amount:	1,000,000.00 HUF
Forward Rate:	10.54% p.a.
Reference Interest Rate:	3M-BUBOR p.a.
Interest Period:	3 months
Settlement Date:	after 3 months
Total Term:	6 months

In case of extraordinary events the manufacturer is entitled to terminate the product early, in particular if you or the manufacturer are in default of payment. An early termination may lead to significant losses.

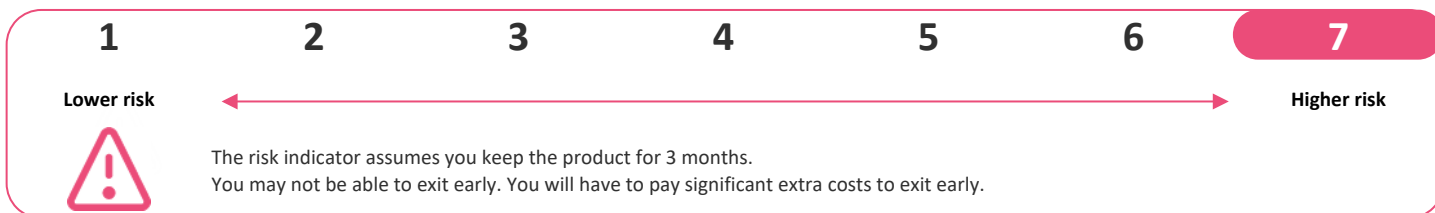
### INTENDED RETAIL INVESTOR

The product is meant for retail clients, who

- (i) intend to keep it for the entire agreed term,
- (ii) can bear any loss incurred as a result of market movements during or at the end of the agreed term,
- (iii) have sufficient knowledge and/or experience of this or a similar product and
- (iv) want to use the product for hedging purposes or want to participate in the market performance.

## What are the risks and what could I get in return?

### RISK INDICATOR



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 you will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 7 out of 7, which is the highest risk class.

Pursuant to regulatory requirements OTC derivatives are always classified as 7 out of 7.

**Be aware of the currency risk, if the product is denominated in a foreign currency.** You will receive or make payments in a different currency, so the final performance of the product will 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 be significant.**

This product does not include any protection from future market performance so you could incur significant losses.

If we are not able to pay you what is owed, you could incur significant losses.

### PERFORMANCE SCENARIOS

What you will get or have to pay depends on future market performance. Market developments in the future are uncertain and cannot be accurately predicted. The scenarios shown are illustrations based on results from the past and on certain assumptions. Markets could develop very differently in the future.

Recommended Holding Period:	3 months
Nominal Amount:	1,000,000 HUF
Scenarios	If you exit after 3 months
<b>Minimum</b>	<b>There is no minimum guaranteed return. You may have to make significant payments to cover losses.</b>
<b>Stress</b>	<b>What you might get or have to pay after cost</b>
	Return(*) -25,000 HUF -2.5%
<b>Unfavourable</b>	<b>What you might get or have to pay after cost</b>
	Return(*) -13,000 HUF -1.3%
<b>Moderate</b>	<b>What you might get or have to pay after cost</b>
	Return(*) -11,000 HUF -1.1%
<b>Favourable</b>	<b>What you might get or have to pay after cost</b>
	Return(*) -7,000 HUF -0.7%

(\*) "Return" means profit or loss calculated as percentage of the nominal amount.

In general, the scenarios show the average return per year. If the recommended holding period is less than one year, the scenarios show the potential return over the recommended holding period. Therefore, the comparability might be limited.

The stress scenario shows what you might get or have to pay in extreme market circumstances.

The scenarios represent possible outcomes, which have been calculated based on simulations using the reference asset past performance over up to five past years.

This product cannot be easily terminated. If you exit earlier than the recommended holding period, you will have to pay extra costs.

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 or have to pay.

### What happens if Erste Bank Hungary Zrt. is unable to pay out?

You are exposed to the risk that Erste Bank Hungary Zrt. may not be able to fulfil its obligations arising from this product in the event of insolvency (inability to pay, over-indebtedness) or an official order ("bail-in regime"). A total loss of any claim for payment is possible.

### What are the costs?

#### COSTS OVER TIME

The tables show the amounts that are taken to cover different types of costs. These amounts depend on the nominal amount and how long you hold the product. The amounts shown here are illustrations based on an example nominal amount.

We have assumed:

- You achieve a net performance of 0.0%.
- a nominal amount of 1,000,000 HUF

	If you exit after 3 months
<b>Total costs</b>	10,000 HUF
<b>Cost impact (*)</b>	1.0%

(\*) This illustrates the effect of costs over a holding period of less than 1 year. This percentage cannot be directly compared to the cost impact figures provided for other PRIIPs.

This illustrates costs in relation to the nominal amount of the PRIIP.

#### COMPOSITION OF COSTS

One-off costs upon entry or exit	If you exit after 3 months
<b>Entry costs</b>	1.0% of the nominal amount 10,000 HUF
<b>Exit costs</b>	1.0% of the nominal amount 10,000 HUF
These costs only apply if you exit before maturity (end of the agreed term).	

### How long should I hold it and can I take money out early?

**Recommended Holding Period: 3 months**

The recommended holding period corresponds to the agreed term. The product is concluded for the agreed term. However, the possibility of an early termination can be agreed. An early termination may lead to significant extra costs. In this case, you will receive or pay a liquidation price based on the market value of the product and the costs and, if applicable, an additional margin.

## How can I complain?

In case of any complaint regarding the person advising on or selling the product please connect with the relevant contact person at your bank or respective product distributor. Any complaint regarding the product or the conduct of the manufacturer can be submitted to Erste Bank Hungary Zrt., 1138 Budapest, Népfürdő u. 24-26. You are also welcome to send an e-mail to [erste@erstebank.hu](mailto:erste@erstebank.hu) or use the website <http://www.erstebank.hu/hu/panaszkezeles>.

## Other relevant information

You can download the latest version of this document from the website of Erste Bank Hungary Zrt..