

Key information document

Purpose

This document contains key information about the present investment product. This is not a marketing material. The legislation provides for that the present information is intended to help investors understand the nature, risks, costs, potential benefits and losses of this product and to help compare it with other products.

Product

Name of the product	Forward transaction
Name of the producer	AS PNB Banka
Contact information	More information available by phone (+371) 67041100 or at www.pnbbanka.eu
Supervisory authority:	Financial and Capital Market Commission
The date of the transaction:	The date of the transaction

You are going to buy a product, which is not simple and may be difficult to understand.

Description of the product

Type	Over the counter (OTC) transaction - Foreign exchange instrument
Aims	Exchange of one currency to another currency on a fixed future date at a pre-specified exchange rate and in a specified amount.
For whom the product is intended	The product is intended for private investors, which are interested in hedging and operations with leverage effect. The client should be an experienced investor and/or have good knowledge about the products of financial Instruments.

Risks related to purchase of the product

The risk scale shows risk classification from 1 to 7 (where 1 means very low risk with low profit, while 7 - very high risk with very high profit). Forward risk transactions are assigned category 7, which shows the possibility of potential losses of further activity. The client may lose funds due to the changes in prices happening on the market, moreover the ability of the

producer to settle with the client may be affected by adverse market conditions (large fluctuations).

The risk classification has been established, taking into account that the transaction is concluded for 6 months.



The transaction may not be terminated earlier than established in the agreement; an opposite transaction may be concluded.

The client should take into account the risk, related to exchange rate changes, as the payment will be received in one currency, but the resulting income received will depend on the exchange rate of both currencies. The aforesaid indicator does not take account of this risk.

In some cases it may be necessary to make additional payments, to cover losses. Your potential total loss may substantially exceed the invested amount of money. This product does not contain protection against further results from market performance, therefore you may lose all or a part of your investments. If we can't pay you the amount of debt, you may lose all funds of security deposit.

Example

On the day of settlement the client pays the reference amount in base currency and in return receives an amount with a future rate fixed in the transaction.

The date of the transaction	02.01.2018
Base currency	EUR
Transaction currency	USD
The reference amount in base currency (after 6 months)	10,000
The reference amount in transaction currency (after 6 months)	12 000
Settlement date in future (after 6 months)	03.06.2018
Future currency exchange rate (after 6 months)	1,22
Reference to FX Spot rate (on the day of transaction)	1,200

The below table shows the amount of money, which the client may receive after 180 days in accordance with different scenarios, assuming that 10,000 EUR were invested. The amount of money depends on the market changes and the term of the agreement; data in scenarios are based on the results of previous activity and may not be regarded as precise future indicators. The indicated figures contain all costs, related to the product, as well as the costs,

related to your payments to you adviser or distributor. The table does not contain taxes, which may affect the final income.

Scenarios for investment of 10,000 EUR for 180 days	Client's gain after payment of all costs	Average return on investments per day
Positive scenario	11 082,67	10,83%
Moderate scenario	10 081,0	0,81%
Pessimistic scenario	8 930,33	-10,7%
Stress scenario*	8 523,74	-14,76%

*Stress scenario shows the amount which may be received in exceptional market circumstances. It should be noted that it does not contain situations, in which the producer is unable to pay.

What happens when the producer is unable to disburse funds?

The client should take account of the risk, that issuer may be unable to meet their commitments in respect the product, for example, in case of insolvency or based an administrative order. The Deposit Guarantee Law does not apply to forward transactions. If the producer is unable to make payments, the client will not receive any payments, related to this product.

What are the costs?

All costs of the client are included in the exchange rate, AS PNB Banka does no apply any additional costs to Forward products.

All costs of the client are included in the exchange rate up to 1%, which means also effect on the annual profitability, reduction in yield (RIY).

One-off costs	Costs of making the investment	1%	Included in the price when the related exchange transaction is concluded
	Costs of termination of the investment	0%	Effect of costs when the investment is terminated
Fixed costs	Portfolio transaction costs	0%	Costs, arising from purchasing/selling for the purposes of portfolio management
	Other fixed costs	0%	Annual costs of investment management

Advisable term of holding and the possibility of early termination of the agreement

The transaction may not be terminated earlier than established in the agreement. If the client wants to repurchase the currency earlier, an opposite transaction may be concluded. The Bank does not set a specific term for Forward transactions. The client should take into account that the minimal term is 3 days, but

the maximal - 1 year. The term of the agreement depends on the goals of the client, therefore the client itself has to make the decision.

How to submit a complaint?

A client may submit a complaint, related to a product or service, both orally and in writing by sending an e-mail to welcome@pnbbanka.eu or via online bank, as well as by sending a letter to the following address: 15-2 Elizabetes Street, Riga LV-1010, Latvia.

Additional information

The legal grounds of forward transactions is specified in the document "Description of Financial Instruments and Investment Services". In order to get full information about this product, the client has to familiarise with the document "The execution policy of orders in financial instruments". Documents are available on the website of the Bank www.pnbbanka.eu. For more information, please call 67041100 or visit customer service centres.