

Information about the differences between the rules applicable to professional clients and retail clients, and their consequences

Dear Business Partner,

1. OTP Bank Plc. provides its Business Partners with written information about the main differences between the rules applicable to professional clients versus retail clients and explains the significant consequences of the differences between the classifications.
2. Classification is important due to different degrees of investor protection requirements imposed by the law. According to these, Business Partners who classify as retail clients are entitled to a wider range of investor protection rights in the course of OTP Bank Plc's investment services and auxiliary services than either professional clients or eligible counterparties, and OTP Bank Plc. has more specific information gathering, information provision, implementation and other obligations where Business Partners classify as retail clients.
3. In view of your classification as a professional client, the requirements relating to retail client Business Partners do not apply to you.
4. **The differences between the rules on professional and retail clients in the Investment Firms Act, Commission Delegated Regulation (EU) 2017/565 and other related legislation, and the consequences of those differences**
 - 4.1. Informing the Business Partner
 - 4.1.1. In accordance with the Investment Firms Act and Commission Delegated Regulation (EU) 2017/565, OTP Bank Plc. must inform its Business Partners in due time before entering into agreements on the provision of investment services and auxiliary services. In complying with the relevant information requirements, OTP Bank Plc. has the right to take into consideration the Business Partner's classification as retail or professional client and to provide information to Business Partners classified as professional clients in line with less stringent information requirements than is the case with Business Partners classified as retail clients.
 - 4.1.2. Pursuant to Commission Delegated Regulation (EU) 2017/565, if OTP Bank Plc. provides information that refers to the past performance of a financial instrument, a financial index or investment services, it will be under an obligation only vis-à-vis Business Partners classified as retail clients to clearly state the currency if the data are shown in the currency of a member state other than where the Business Partner is resident and to warn the Business Partner classified as retail client that yields may increase or decrease as a result of exchange rate fluctuations.
 - 4.1.3. In accordance with Commission Delegated Regulation (EU) 2017/565, if OTP Bank Plc. provides the Business Partner with information about a financial instrument to which a current public offer relates and an information note has been published regarding the offer, OTP Bank Plc. will be required to notify the Business Partner of the public availability of the information note in due time before the provision of the investment or auxiliary services only if the Business Partner is classified as a retail client.
 - 4.1.4. Unlike with Business Partners classified as retail clients, Business Partners classified as professional clients have the right to agree with OTP Bank Plc. to restrict the application of the detailed requirements concerning the provision of information about costs and related charges, as defined in Commission Delegated Regulation (EU) 2017/565. Such restriction must not apply to the provision of investment advisory or portfolio management services and where the relevant financial instruments have a derivative component.
 - 4.1.5. According to the provisions of the Investment Firms Act, OTP Bank Plc. must not devise any mechanisms through remuneration, sales targets or other ways that would incentivise its employees to recommend a specific financial instrument to Business Partners classified as retail clients when OTP Bank Plc. could recommend a financial instrument better suited to the client's needs.
 - 4.1.6. Pursuant to the Investment Firms Act, when investment services are offered as part of a package or together with another service or product as a precondition for a single agreement or package, OTP Bank Plc. must tell the Business Partner whether the individual components can be purchased

separately, i.e. it must produce separate cost certificates and statement of fees charged for each component. It is only vis-à-vis Business Partners classified as retail clients that OTP Bank Plc. is required to give the client an appropriate description of the different components of the agreement or package and how their mutual impacts alter the risk if the risk associated with such an agreement or package is expected to diverge from the risks on the individual components.

4.2. Suitability test

4.2.1. According to Commission Delegated Regulation (EU) 2017/565, if OTP Bank Plc. provides investment advisory services or portfolio management services to a Business Partner classified as a professional client, it may assume in the suitability test that the Business Partner classified as a professional client has the necessary experience with, and knowledge about, all the products, transactions and services in relation to which it classifies as a professional client.

4.2.2. Accordingly, vis-à-vis a Business Partner classified as a professional client OTP Bank Plc. is not subject to the obligation, imposed by the Investment Firms Act, to refuse to enter into a contract or execute an order if the suitability test is not satisfactory, when the circumstances detailed here apply.

4.3. Suitability declaration and report

4.3.1. When offering services under its investment advisory activities, it is only in relation to Business Partners classified as retail clients that OTP Bank Plc. is required by the Investment Firms Act to make a declaration on durable media regarding the suitability of the advice for the Business Partner classified as a retail client; in such a suitability declaration, it must describe the advice and how that advice satisfies the preferences, objectives and other characteristic needs of the Business Partner classified as a retail client.

4.3.2. Where OTP Bank Plc. provides portfolio management services, the Investment Firms Act requires that if the Business Partners classify as retail clients, the suitability report must contain an updated declaration that the investment satisfies the preferences, objectives and other characteristic needs of the Business Partner classified as a retail client. OTP Bank Plc. must discharge this obligation at the same time as sending the regular statement regarding its portfolio management activities sent to the Business Partners.

4.4. Appropriateness test

According to Commission Delegated Regulation (EU) 2017/565, OTP Bank Plc. is not obligated to run an appropriateness test regarding the transactions and financial instruments in relation to which a Business Partner classifies as a professional client, because it may rightly assume that a professional client will have the necessary experience and knowledge to understand the risks associated with the investment services or transactions in relation to which it classifies as a professional client. In such cases, OTP Bank Plc. is not expected to draw attention to the inappropriateness of the financial instrument or transaction stated in the contract.

4.5. Reliance on an unregulated custodian

On the written request of a Business Partner classifying as a professional client, OTP Bank Plc. may, pursuant to an agreement with the custodian and in compliance with the Investment Firms Act, place the Business Partner's financial instruments with a custodian that operates in a third country and whose custody operations are not regulated by a supervisory authority with competence in the country of its registered seat.

4.6. Execution of orders on terms most favourable to the client

4.6.1. Execution on the terms most favourable to the client means that, if OTP Bank Plc. executes an order of a Business Partner classified as a professional client, then, in accordance with the Investment Firms Act, it must take into consideration all the costs to be borne by the Business Partner when identifying the execution option most favourable to the client.

4.6.2. In accordance with Commission Delegated Regulation (EU) 2017/565, the above requirement applies to the provision of portfolio management services as well as the acceptance and forwarding of orders for services, observing the rules on proceeding in accordance with the best interests of the clients.

4.6.3. According to Commission Delegated Regulation (EU) 2017/565, where OTP Bank Plc. is executing orders for Business Partners classified as retail clients, it must supply these Business

Partners with a summary of its execution policy, in which it must focus on the total costs incurred by the customers.

4.7. Handling the orders received from customers

When executing the orders received from its customers, OTP Bank Plc. is obligated under the Investment Firms Act to forthwith notify the Business Partner classified as a professional client if it is informed of any obstacle to the execution of the order.

4.8. Commercial practices in relation to consumers

Pursuant to the Investment Firms Act, the rules on commercial practices in relation to consumers (Act XLVII of 2008 on the Prohibition of Unfair Business-to-Consumer Commercial Practices) apply not only to consumers but also to Business Partners classified as retail clients, even if these are not natural persons.

4.9. The use of exchange rates in systematic internalisation

If OTP Bank Plc. classifies as a systematic internaliser in relation to stocks, deposit certificates, exchange traded funds, certificates or other similar financial instruments pursuant to Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 while observing the requirement for the execution terms most favourable for the customer, it must use the rate listed as of the date and time of receiving the order for executing an order of its Business Partner relating to any stocks, deposit certificates, exchange traded funds, certificates or other similar financial instruments in which it is a systematic internaliser. Orders received from a professional client Business Partner within the framework of systematic internalisation might be executed by OTP Bank Plc. at rates different from those listed where the transaction execution relating to multiple securities constitutes a single transaction, and also in the case of transactions that are subject to conditions other than the current market price.

4.10. Packaged retail investment products

Pursuant to Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products, OTP Bank Plc. is required to supply a key information document only to Business Partners classified as retail clients.

4.11. Identifying the target market of financial instruments

In identifying the target market of financial instruments, OTP Bank Plc. will take into account the classification of the customers.

4.12. This information note sets out the main differences in legislation between professional clients and retail clients; it does not imply that OTP Bank Plc. will always apply the lower standard of investor protection requirements to Business Partners classified as professional clients, nor that it would offer the activities and services listed here at all times.

OTP Bank Plc.