PRODUCT INFORMATION

FOREIGN CURRENCY ORDERS

GLOBAL MARKETS DEPARTMENT OF OTP BANK PLC.

May 04, 2020

Please read this Product Information carefully before concluding a contract on foreign currency ordedrs. For further information, please contact our staff.

These documents in English language to the person concerned shall be for information purposes only.
OTP Bank Plc shall fulfil its obligations imposed by the legal regulations or requirement of supervisory authority by the documents in Hungarian language.
In the event of any discrepancy between the English language and Hungarian language versions, the Hungarian language version shall prevail.

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1. Description of the foreign currency order

Upon submitting a foreign currency order, the client notifies OTP Bank Plc. (hereinafter: Bank) of its intention to buy or sell, specifying the currency pair, exchange rate, quantity and the validity of the foreign currency order. In a foreign currency order the client instructs the Bank to execute the single spot foreign currency order sale and purchase transaction in accordance with the client's order submitted earlier, if within the validity period of the foreign currency order the Exchange Rate Quoted by the Bank reaches the exchange rate specified by the client. The exchange rate quoted by the Bank means the exchange rate – quoted for the client – available to the Bank in the interbank market at a specific point of time for the given quantity, based on an appropriate counterparty (for the purpose of this Product Information: Exchange Rate Quoted by the Bank).

Features

- It can concluded for all currency pairs for which the Bank quotes an exchange rate.
- The usual minimum value of the foreign currency order is EUR 100,000 or its equivalent in another currency, from which the Bank may depart at its discretion based on individual assessment.
- As a result of the fulfilment of the foreign currency order, a spot foreign currency transaction may be created.
- The Bank assumes no liability for the fulfilment of the order, i.e. for the creation and fulfilment of the spot foreign currency transaction at the exchange rate specified by the client. In the case of extreme volatility (price slide, "exchange rate gap", material exchange rate fluctuation and other similar circumstances) the Bank takes no liability for the fulfilment of the order at the exchange rate level specified by the client. It cannot be prevented, even with the use of an order, that the client suffers a loss of unforeseen degree as a result of an abrupt price shift or inadequate market liquidity (e.g. when by submitting the order the client wishes to decrease or prevent the potential loss he may incur on a position from another transaction). Please read carefully the provisions related to the "Stop orders" and assess the risks thereof.

Typical customer base

- The foreign currency order offers a solution to those clients who would like to execute the foreign currency conversion at a rate that differs from the prevailing interbank foreign currency market rate.

2. Types of foreign currency orders and strategies

The Bank may accept the following foreign currency orders and strategies from the clients.

Limit orders

In the case of limit orders, the client would like to purchase or sell foreign currency at an exchange rate that is more favourable than the prevailing interbank foreign currency market rate. The purpose of the order could be to maximise the profit on the respective position at a favourable exchange rate or to take a new position.

- **Example of a limit order:**

The balance of the client's foreign currency account is EUR 1 million, purchased in May at an EUR/HUF exchange rate of 307.00. The client is not in the position to monitor the exchange rate developments on a continuous basis, but he is convinced that the EUR/HUF exchange rate will rise, thus on 2 June he gives a limit order to sell EUR 1 million at an EUR/HUF exchange rate of 312.00 valid until 30 June 12:00 noon. Since the EUR/HUF Exchange Rate Quoted by the Bank reached the level of 312.00 on 18 June, the client's order was executed, i.e. the bank sold the client's 1 million euro, on which the client realised a total gain of (312-307)*1,000,000 = HUF 5 million.

Stop orders

In the case of stop orders, the client would like to purchase or sell foreign currency at an exchange rate that is less favourable than the prevailing interbank foreign currency market rate. The purpose of a stop order may be to limit the loss on a particular position at an acceptable level or to lock profits on a profitable position. When issuing the order, the client expects that the exchange rate will develop in accordance with his anticipation, and at the same time he would like to prevent a larger loss or decrease in profit resulting from an unfavourable exchange rate shift. The characteristics of the stop orders is that the order is activated upon reaching the specified stop level and executed at the next price available to the bank in the interbank foreign currency market. Accordingly, it may happen that the order is executed at a much more unfavourable price than the specified stop level.

If the client does not wish to submit a Stop order and he independently monitors the prevailing exchange rate levels on a continuous basis, he may take his investment decision based on the current foreign currency market exchange rate movements.
If the client concluded a Stop order, the order is activated upon reaching the stop level and the order is automatically fulfilled at the next interbank foreign currency market exchange rate level available to the Bank, which exchange rate may be unfavourable for the client and generate a loss for him.

- **Examples of a stop order:**

1. The balance of the client's account is EUR 300,000, at an EUR/HUF historic exchange rate of 305.00. After a continuous rise in the past days, the exchange rate reached the level of 312. The client anticipates further rise in the exchange rate, but at this level he would no longer like to risk the profit reached, thus he submits a stop order to sell at an exchange rate of EUR/HUF 311.05. Next day the forint starts to appreciate and the stop order to sell at 311.05 is activated. The order is fulfilled at the next exchange rate available to the Bank, i.e. at EUR/HUF 311.00. Thus the client realised the total amount of (311.00-305.00)*300,000= HUF 1,800,000 on the transaction.

2. Anticipating the appreciation of the forint, the client sold EUR 100,000 at the exchange rate of EUR/HUF 306.00. Since the client will once again need euro in the short run and would not want to realise a larger loss due to the potential depreciation of the forint, he submits a stop order to the Bank to purchase at an EUR/HUF exchange rate of 308.00. In the days after, the EUR/HUF exchange rate starts to rise slowly; the stop order to purchase is activated at the level of 308.00, and the Bank performs the conversion at the next price available to it, i.e. at 308.08. Thus the client realised the total loss of (308.08-306.00)*100,000 = HUF 208,000 on the transaction.

3. Anticipating the appreciation of the forint, the client sold EUR 200,000 at the exchange rate of EUR/HUF 305.00. Since the client will once again need euro in the short run and would not want to realise a larger loss due to the potential depreciation of the forint, he submits a stop order to the Bank to purchase at an EUR/HUF exchange rate of 308.00. A week later, in the evening hours, due to an unexpected event the

EUR/HUF exchange rate sky-rockets to the level of EUR/HUF 325.00. Although the stop order to buy is activated at the level of 308.00, due to the abrupt movement under low liquidity, the next price available to the Bank is EUR/HUF 325.00, thus the conversion is performed at that level. Thus the client realised a total loss of (325.20-305.00)*200,000= HUF 4,040,000 on the transaction.

OCO order strategy

The OCO order strategy means "One Cancels the Other", i.e. the client submits simultaneously two orders to the Bank subject to the condition that if one of the orders is fulfilled, the other order is automatically cancelled.

- **Example of an OCO order:**

The client converts his EUR 500,000 on his account to forint at an exchange rate of EUR/HUF 310.00, but he knows that in one month he will once again need euro. He expects that due to the appreciation of the forint he will be able to repurchase the euro in a few weeks at a cheaper rate; at the same time, he would not like to realise a loss higher than HUF 1 million, should meanwhile the forint depreciate after all. Since in the coming days the client is not in the position to monitor the exchange rate developments, he submits the following OCO order to the Bank: a limit order to buy at 307.00 and a stop order to buy at 311.80.

After this, the OCO order may be fulfilled according to two scenarios:

1. In accordance with the client's expectations, the forint exchange rate starts to appreciate and the market EUR/HUF exchange rate reaches 307.00. The Bank fulfils the order at the exchange rate of 307.00 and cancels the stop order to buy. The client's total profit is (310-307)*500,000 = HUF 1,500,000.

2. If after the submission of the order, the forint starts to depreciate, and the order is activated at the exchange rate of EUR/HUF 311.80, the Bank fulfils the stop order at the next available market rate of 311.85, and it simultaneously cancels the limit order to buy. The client's total loss is (311.85-310)*500,000 = HUF 925,000.

If Done order strategy

In the case of the "If Done" order strategy, the client requests the Bank that if one order is fulfilled, it should activate another order.

- **Example of an "if done" order:**

The client would like to convert his account balance of EUR 200,000 at an exchange rate of EUR/HUF 312.00 (the current interbank exchange rate in the foreign currency market is EUR/HUF 308.00), thus he gives an EUR/HUF order to the Bank to sell at 312.00. Since in the next days the client is not in the position to monitor the exchange rate developments continuously, and he would like to avoid the loss arising from the potential further depreciation of the forint, in addition to his order at 312, he also submits a stop loss order to the Bank to buy at EUR/HUF 314.50, indicating "if done".
Let us assume that the order to sell EUR at 312.00 is fulfilled the next day; in this case the order to buy EUR at 314.50 is activated. This may be followed by two scenarios:

1. if due to further depreciation the exchange rate in the interbank foreign currency market reaches the stop loss level of 314.50, the client's euro purchase is fulfilled at the next available exchange rate, e.g. at 314.60. The client realises a total loss of (314.60-312.00)*200,000 = HUF 520,000.

2. The exchange rate does not reach the stop loss level, thus the client closes the position at the market rate, which simultaneously cancels the formerly issued stop loss order.

3. Summary of the advantages and disadvantages of the order

Main advantages of the order

- In the case of favourable market processes, in accordance with the conditions of the order, the client may benefit from the favourable change in the exchange rate of the currency pair involved in the transaction.
- The order may be also fulfilled outside the Bank's business hours, thus the client has better chances to fulfil the conversion at the desired level or to limit the losses on his existing positions.
- The Bank's market position provides an opportunity for higher liquidity, thus the investors may shape their currency portfolio more efficiently, as if they transacted in the foreign currency market on a stand-alone basis.
- The client does not need to monitor the exchange rate developments continuously.

Main risks of the transaction

- By submitting the order, the client accepts that it is the Bank that sets the price, hence it is the Bank's competence to determine whether or not the respective Exchange Rate Quoted by the Bank has been reached.
- In the case of unfavourable market movements, the client may suffer substantial losses even upon issuing the order.
- The higher the fluctuation (volatility) of the price of the underlying instrument is, the riskier the investment may be regarded. The more volatile the respective exchange rate is, the higher the degree of the potential price shift may be between the fulfilment of the order and the notification of the client on the fulfilment. This circumstance is of importance for the client when the order is linked with another order or with his position from another transaction, or he concluded that it in view of those. The exchange rate movements that take place during the notification period may have a negative impact on the client's new orders related to his additional transactions, and may also generate a loss.
- The Bank takes no liability for the fulfilment of the order.
- Due to the high volatility of the exchange rates, it may happen that despite the order placed, the loss suffered on a previous, other transaction will be higher than anticipated on the basis of the order.

- Upon reaching the Exchange Rate Quoted by the Bank, the spot foreign currency transaction is fulfilled automatically, hence the client is not position to modify his previous order based on the current market data.
- The fulfilment of the order is governed by the Exchange Rate Quoted by the Bank, and the interbank markets accessible by the Bank do not necessarily correspond to the interbank market data available to the client. Accordingly, the client may obtain information on the fulfilment or non-fulfilment of the order solely on the basis of the notification by the Bank.

4. Miscellaneous information

Preconditions of using order transactions

- Agreeing to the Sales Terms and Conditions of OTP Bank Plc.’s Global Markets Department, concluding the attached Global Markets Framework Agreement with the Bank and signing any other required documents.
- Concluding agreements for payment accounts denominated in the settlement currency of the transaction.

Guarantees connected to the order transaction

The insurance coverage available under the National Deposit Insurance Fund (NDIF) and the Investor Protection Fund (IPF) is not applicable to OTC spot foreign currency transactions. Upon the fulfilment of the transaction, the amount credited to the client's bank account may be covered by the NDIF guarantee subject to the conditions stipulated in the Credit Institutions Act.

Expenses and fees connected to the order transactions

The exchange rate level specified by the Bank for the order transaction includes the transaction's direct expenses and fees. It does not include any indirect costs related to obtaining and holding the respective currency or to the conclusion, maintenance and fulfilment of the contract (e.g. fee, commission, tax, account management).

Tax issues related to order transactions

OTP Bank Plc. fulfils the tax liability prescribed by the prevailing regulations for the paying agent, which may involve liabilities of various degrees, depending on the taxation law status of the beneficiary (e.g. tax residency) and the legal title of income earning. Upon the fulfilment of its paying agent tax obligations, OTP Bank Plc. issues a certificate on the payment and, as required by law, calculates, deducts, pays and submits a tax return on the tax liability burdening the payment, and fulfils its reporting obligation with respect to the payment toward the tax authority. Please note that adequate information regarding the tax treatment or the tax implications may only be provided in consideration of the individual circumstances of each client and it may be subject to change in the future.

Miscellaneous information

For further general information please refer to OTP Bank Plc. Uniform Prior Information, the Sales Terms and Conditions of the Global Markets Department of OTP Bank Plc. and the announcements attached thereto, the Global Markets Framework Agreement and the List of Conditions, the Investment Services Division Business Regulations , the Information for Clients on MiFID, the General Information on Short Selling, the EMIR Announcement and any other notices referenced therein as well as Annexes thereto, all of which are accessible at the Bank's website at http://www.otpbank.hu or are available upon request at the branches of OTP Bank Plc.

5. Notices and disclaimers

1. This product information is complete with the following documents of OTP Bank Plc. as inseparable annexes hereto:

- Preliminary Announcement on certain Global Markets services rendered by at the Global Markets Department of OTP Bank Plc.; individual product information materials and any documents attached thereto along with all referenced business terms and notices;
- Uniform Prior Information;
- Information for Clients on MiFID;
- General Information on Short Selling;
- Sales Terms and Conditions of OTP Bank Plc.'s Global Markets Department, documents attached thereto along with all referenced notices, Global Markets Framework Agreement along with any other relevant and required documents;
- Investment Services Division Business Regulations along with any other business terms and notices referenced therein, as well as annexes thereto;
- General Business Terms and Conditions of OTP Bank Plc. and documents attached thereto along with all referenced notices;
- Prospectuses, base prospectuses, notices, as well as regular and extraordinary announcements published by the issuer or the broker in relation to individual financial instruments.

Please read all of the above documents and any other notices referenced or indicated therein in order to ensure that you can make informed decisions, in full awareness of all information pertaining to the transactions presented in this Product Information. Moreover, before making an informed decision about the use of the investment or the service, please be advised to carefully consider the subject and risk of your investment, the associated fees and charges and the possibility of potential losses, and to obtain information regarding the tax regulations pertaining to the product or the investment. Prices of financial instruments and securities are subject to change. Spot trades are transacted at the current exchange rate, which may involve a capital loss.

2. The publication of this Product Information and its transfer to customers do not constitute an offer, investment advise, tender notice, investment consulting, investment or financial analysis, solicitation for the purchase of any financial instrument, or any other kind of advice on legal, tax, or accounting issues, and the data provided herein are provided for informational purposes, intended solely as the provision of advance information to OTP Bank Plc.'s current and future customers as required by law. The contents of this information document are limited to general information and knowledge and as such, it disregards the unique or specific needs of individual customers and their willingness and ability to take risk; therefore, in case of any questions, please contact our staff or refer to your bank consultant before making an investment decision. Should you require investment advice from OTP Bank Plc. prior to making your decision, please contact our staff with a view to concluding an investment counselling agreement and making the necessary statements (particularly a suitability test).

3. Each investment carries certain risks that can affect the outcome of the investment decision, and investors may not necessarily realise their expected investment goal or recover their cost of the investment; accordingly, some or all of the invested capital may be lost, and may also incur additional payment obligations.

4. Before entering into a contract for the execution of the transaction contained in this Product Information, OTP Bank Plc. will provide detailed information in respect of the transactions regarding their risks, market position, volatility and any limitations that may apply to market entry, changes in prices, as well as any other information relating to the transactions contained herein.

5. All data and information contained herein are based on estimates and no reliable conclusions may be made concerning prospective future yields, changes or performance in reliance hereon. All charts and calculations are intended to be examples, presenting potential future situations. No information contained herein may be perceived as demonstrations of particular transactions even if client is involved in transactions identical or similar to those contained herein. No estimates may be made based on the data contained herein concerning either the current or the future level of interest rates, or expected interest rate developments. The data contained herein do not constitute information on the changes or performance of particular financial instruments, whether past or future. Any risks associated with the specific, individual decisions made in reliance on the contents of this Product Information shall be borne solely by the investor, and OTP Bank Plc.

shall not be held liable either for the success of the investment decisions or the achievement of the goals set by the investor.

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10. The business terms, announcements, lists of conditions and product descriptions containing the detailed terms, conditions and fees of the products and services are available at our branches, at the Customer Desk while using

OTP Bank Plc.'s Global Markets services, and on the Bank's website at www.otpbank.hu.

11. The Bank reserves the right to change the terms contained herein. The contents of this document are subject to change without notice. Please monitor any changes that may be made to this document.

12. OTP Bank Plc. (company registration number: 01-10-041-585; registered seat: H-1051 Budapest, Nádor utca 16; supervisory authority: Magyar Nemzeti Bank – H-1013 Budapest, Krisztina krt. 39; HFSA license numbers: III/41.003-22/2002 and E-III/456/2008).