



PRELIMINARY ANNOUNCEMENT

ON CERTAIN *GLOBAL MARKETS* SERVICES RENDERED BY
OTP BANK PLC'S *GLOBAL MARKETS* DEPARTMENT¹

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OTP Bank Plc.

Registered office: H-1051 Budapest, Nádor utca 16.

Registered with the Court of Registry of the Metropolitan Court of Justice under No. 01-10-041585

Central mailing address: 1876 Budapest

Website: <http://www.otpbank.hu>

¹ *The amended provisions of this Announcement, highlighted in italics and grey, indicate changes by reference to the Announcement that entered into force as of October 1, 2019.*

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A. Introduction

The purpose of this notice is to describe certain general characteristics of **Global Markets** services sold by OTP Bank Plc's **Global Markets** Department to the Business Partners, thereby complying with the obligation prescribed by investor protection laws concerning the provision of information prior to concluding the deal.

Global Markets services available with OTP Bank Plc:

Pursuant to the Sales Terms and Conditions of OTP Bank Plc's **Global Markets Department**

- Stock exchange spot transaction
- Stock exchange futures²
- Stock exchange options¹
- Forward foreign exchange transactions
- Forward transactions in precious metals (gold and silver)
- Foreign exchange option transactions
- Interest rate swaps
- Inflation swap
- Interest rate options
- Commodity swap transaction
- Dual currency structured investment
- Spot foreign exchange transactions
- Spot securities transaction
- Execution of orders for spot securities on the OTC market
- Securities lending transactions
- Deposit transaction
- Repo transaction

Pursuant to the ISDA Master Agreement and the CSA

- Stock exchange futures
- Stock exchange options
- Forward foreign exchange transactions
- Forward deals in precious metals (gold and silver)
- Foreign exchange option transactions
- Interest rate swaps
- Inflation swaps
- Currency swaps
- Interest rate options
- Commodity swap transaction

For business partners subject to the EMIR Variation Margin requirement (FC and NFC+), the provision of **Global Markets** services involving derivatives is conditional upon the conclusion of an ISDA Master Agreement and a 2016 Credit Support Annex for Variation Margin (VM CSA) agreement.

² Hereby OTP Bank Plc. inform their customers that as of November 16, 2018 OTP Bank Plc. are not in a position until further notice to accept orders on commodity derivative transaction traded on foreign exchanges or foreign regulated markets.

B. General risks inherent in the *Global Markets* services available at OTP Bank Plc

In the spirit of investor protection, we deem the comprehensive presentation of the *Global Markets* services particularly important, and we call the attention of our Business Partners to the risks that they must definitely take into consideration upon making their decision. The described risks carry the possibility of the full impairment of the investment, as well as unlimited loss. Due to changes in the capital and money markets, and because of the capital market instrument nature of the financial instruments, they carry risks that are independent of the risks inherent to both the issuer's business environment and its business management.

- **Exchange rate risk**

Exchange rate risk arises from the change of the relative value (cross rate) of the official means of payment determining the transaction value or the payments to be performed on the basis of the transaction. The fluctuation of the exchange rate may represent a risk for investors in instruments denominated in a currency other than that of the respective financial instrument, or who keep records of their investments in such other currency.

- **Interest rate risk**

Interest rate risk is a risk arising from the changes in the interest rates applicable to the official means of payment determining the value or payment of the transaction.

- **Underlying instrument price risk**

Underlying instrument price risk arises from the change in the value of the underlying instrument determining the value or payment of the derivative transaction.

- **Liquidity risk**

Liquidity refers to the opportunity when a product traded in a specific market can be sold or purchased in a cost efficient manner in a relatively large volume at any point of time during the trading period, in such a manner that the effect of the transaction on the pre-deal market price is negligible. Upon

the full loss of liquidity it may happen that certain market products cannot be sold or bought at all at a given point of time.

- **Volatility risk**

Volatility means the potential or actual fluctuation of a particular value within a certain observation period. Higher market volatility usually represents higher risk.

- **Country risk**

The business position of OTP Bank Plc, and indirectly the quality of the services sold by it, depends on the development and cyclicity of the Hungarian economic circumstances, as well as on the domestic and international economic and political events.

- **Credit risk**

Credit risk is the risk that a contracting party is unable or unwilling to fulfil its undertaken payment obligation.

- **Inflation risk**

Inflation risk is the risk that inflation has a stronger effect on the transaction than on the liquid assets.

- **Market risk**

All *Global Markets* services have a market value. The price of *Global Markets* services is considerably influenced by changes in the underlying interest rates, market yields for the given maturity, the volatility of such market yields, and the residual maturity.

C. The risks of leveraged trading

1. Among the *Global Markets* services offered by OTP Bank Plc's *Global Markets* Department, contracts concluded for derivative transactions (futures, options and swaps) result in leverage, as the amount of the initial margin to be provided by the Business Partner to OTP Bank Plc. upon the conclusion of the contract for the term of the transaction is a specific portion or, in the case of certain products a percentage, of the notional value of the transaction. For detailed information on the initial margin, please refer to the Supplementary Announcement specified in Point 4 of Chapter H of this notice.

2. During leveraged trading, if the Business Partner's position is affected by a significant, unfavourable change in the price of the given underlying product, the price change may generate losses in excess of the market value of the instruments deposited by the Business Partner, and the Business Partner may be required to post supplementary collateral (variation margin). Depending on the level of the leverage, the underlying product's price change may multiply the profit or the loss realised on the given transactions; consequently, leveraged transactions may involve unlimited losses. For detailed information on the variation margin, please refer to the Supplementary Announcement specified in Point 4 of Chapter H of this notice.

3. In addition to the information contained in this notice, in the key information documents (KID) and in the so-called MiFID Customer Information Documents, OTP Bank Plc. wishes to call the attention of its Business Partners to the main risks associated with leveraged trading as follows:

- a) High-leverage trading involves numerous risks as described in Chapter B of this notice.
- b) Leveraged trading may result in the loss of the total invested capital or the total amount of the posted collateral; i.e. there is a risk of unlimited losses. In order to manage the risks involved, there is a need to monitor leveraged positions on a continuous basis and to apply additional risk-mitigating techniques (for example, stop-limit, spread, straddle strategies).
- c) High leverage means higher risk. Since high leverage offers the possibility of opening high-value positions against relatively low

collateral, even a small market movement may have a proportionately stronger impact on the collateral requirements linked to the position(s). Therefore, even a small market movement may generate a significant profit or loss for the Business Partner relative to the invested capital in a short period of time.

- d) The risks described above call for market expertise and trading experience in leveraged trading. Leverage trading can be considered an appropriate choice for Business Partners with extremely high risk tolerance and risk-taking capacity, or for Business Partners whose risk acceptance is moderate but the leveraged transaction is intended to hedge the Business Partner's exchange rate and/or interest rate risks. OTP Bank Plc. assesses specific Business Partners' risk appetite and risk-taking capacity, financial knowledge and experience based on suitability and appropriateness tests.
- e) For fees associated with leveraged transactions, please refer to the Global Markets's ex-ante cost information document available on OTP Bank Plc's website at <https://www.otpbank.hu/portal/hu/GlobalMarkets/ElozetesKoltsegtajekoztato> under the Large Companies/Global Markets menu option, or turn to a dealer of the Global Markets Department for information.
- f) In extreme market circumstances, the prices of individual financial instruments may change extremely fast. If the leverage applied is extremely high, the exact level of the losses that may be incurred on a given transaction may not be calculated in advance, or the losses may exceed the value of the Business Partner's assets.
- g) OTP Bank Plc. considers the use of certain automated trading software (trading robots) extremely risky and it does not support the operation of such applications in the OTP Trader system – the online forex trading system – of OTP Bank Plc.
- h) The Supervisory Summary published on the risks and experiences related to high-leverage products is available under the following links:
<http://www.mnb.hu/felugyelet/felugyeleti-keretrendszer/felugyeleti-hirek/archiv-hirek/tajekoztato-a-magas-tokeatteteles-ugyletekrol>
<https://www.mnb.hu/sajtoszoba/sajtokozlomenyek/2015-evi-sajtokozlomenyek/kiemelt-jegybanki-figyelem-a-magas-tokeatteteles-fx-online-kereskedesi-platformoknal>

D. **Global Markets** Ex-ante cost information

1. The **Global Markets**'s ex-ante cost information document (hereinafter: cost information document) is available on the following page of OTP Bank Plc's website: <https://www.otpbank.hu/portal/hu/GlobalMarkets/ElozetesKoltsegtajekoztato> under the Large Companies/**Global Markets** menu option. The cost information document includes the fees charged for the investment services and/or auxiliary (investment) services and any additional fees and charges related to the production, management, acquisition, holding and sale of the given financial instrument.
2. The cost information document does not constitute an offer, investment advise, tender notice, investment consulting, investment or financial analysis, solicitation for the purchase of any financial instrument; it is solely intended to provide customers with advance information about the fees and costs as required by law.
3. The cost information is generally applicable; it does not consider individual customers' unique or special circumstances; therefore, please ask a branch employee of OTP Bank Plc. in respect of the specific transaction before making an investment.
4. Data regarding tax management and tax implications depend on the Business Partner's specific circumstances; moreover, such data and conditions may change in future.
5. Data and information contained in the cost information document are based on estimates; investment amounts and time horizons are only examples, and cannot be used for drawing conclusions about the actual costs and fees even if the Business Partner wishes to conclude an individual deal with the same or similar features.
6. In presenting the fees and costs, OTP Bank Plc. considered the following general principles and criteria:
 - With respect to the given deal/order, we presented the actually incurred one-off and ongoing costs or, in the lack of sufficient information, reasonably estimated costs.

- Fees and costs incurred upon investing in financial instruments or upon the commencement and upon the ending of the use of investment services qualify as one-off fees and charges. Fees and costs incurred upon managing the financial instrument and providing the service qualify as ongoing fees and costs.
- OTP Bank Plc. revises the fees and costs based on the information available on a regular basis or, if any new circumstance arises, upon its occurrence, and modifies them as required.
- The investment horizon is uniformly considered to be 1 (one) year, and for derivatives we considered the typical investment horizon of the given deal.
- The investment amount was considered to be the amount defined for the typical transaction size of the given transaction type.
- For fees payable in foreign currency we applied the official MNB mid-rate on the day of the compilation of the cost information document, and the given currency is specified in the cost information document. Information about the estimated cost of cross-currency conversions can be accessed on our home page at www.otpbank.hu based on the current exchange rates applied by OTP Bank Plc. and on the Currency Converter.
- If another enterprise/service provider is also involved in the deal, the fees and costs charged by OTP Bank Plc. and by the other enterprise are summarised in the cost information document.
- With respect to account management, only the fees and costs of securities account management were considered. We did not assess the fees linked to payment accounts (bank accounts), as besides investment services, payment account operations may be also performed in the case of financial services. Information about the interests and fees on payment accounts are included in the announcements of the relevant payment account (bank account) available on the home page and in the branches of OTP Bank Plc.
- As regards derivative products, service fees and product costs are incurred and assessed both upon the acquisition/purchase of the product and upon the closing of the position during its sale, as such cost items represent the costs of the issuer of the financial instrument that are either included in the price of the given instrument or paid over and above the price at the beginning or at the end of the investor's investment in the financial instrument. *When the Business Partner was given the option of account segregation, we assumed that they would choose the option of segregation, which implies no additional fees.*

- In the case of derivative products, the price defined and offered to the Business Partner by OTP Bank Plc. includes the amount of the product cost and service fee charged by OTP Bank Plc. The service fee reflects the costs and fees charged for the investment service(s) and/or auxiliary services provided to the Business Partner, whereas product costs reflect the costs and fees associated with the financial instrument. Chapter J. “Cost information calculator” of OTP Bank Plc’s Uniform Prior Information contains a brief description of the individual items comprising the fees and costs related to (i) investment services and/or auxiliary services and to (ii) financial instruments.
- In consideration of the leverage associated with derivative products, in the case of derivative products OTP Bank Plc. considers the invested amount – as the amount of product acquisition – to be the notional value of the given instrument at the date of its sale. With leveraged trading, customers may obtain transactions and positions of a higher value than their invested capital. Leveraged trading carries significant risks; therefore, there is a risk that the investor loses the total invested capital or even incurs losses over and above of the invested capital.
- The costs and fees of securities account management incurred in relation to the registration and management of the collateral underlying the given financial instrument are also considered to be costs incurred in relation to the management of the financial instrument.

7. Please note that preliminary cost and fee values may differ from the actually incurred amounts. If the investment horizon or the invested amount of a specific individual transaction deviates from this, the costs or fees incurred do not necessarily change in proportion to the investment horizon or the invested amount. The investment horizon or the invested amount may not be changed in the information document.

8. The business regulations, announcements and descriptions containing the detailed conditions and fees of the products and services are available in OTP Bank Plc’s branches providing investment services and on OTP Bank’s home page at www.otpbank.hu, in particular, in the Securities, *Global Markets* and Bank Accounts menu options. Private Banking and Preferred Private Banking customers may access the business regulations, announcements and descriptions concerned on the home page accessible to Private Banking and Preferred Private Banking customers at www.otpbank.hu/privatebanking/Fooldal.

E. *Global Markets* Ex-post cost information

- 1.** In the document intended for the confirmation of individual transactions, OTP Bank Plc. discloses
 - a) the contractor's fee charged in relation to the individual transaction in the case of brokerage transactions;
 - b) the service fee charged in relation to the individual transaction in the case of own-account securities transactions;
 - c) the service fee charged in relation to the individual transaction in the case of derivative transactions.

- 2.** In the document intended for the confirmation of individual transactions, for derivative products OTP Bank Plc. does not disclose the fees and costs that can be interpreted as product costs. Information on the consolidated value of such costs – which includes all costs and fees associated with both the financial instrument(s) and the investment and auxiliary service(s) – are sent to the Business Partner in the annual cost statement. The annual information is personalised and contains the actual costs incurred.

F. Rules applicable to contracts on investment advisory services

- 1. OTP Bank Plc. shall not provide investment advice as an investment service to Business Partners that are classified as eligible partners and/or professional clients under the Investment Firms Act. Therefore, pursuant to the Sales Terms and Conditions of OTP Bank Plc.'s Global Markets Department, OTP Bank Plc. shall not require Business Partners classified as eligible partners and/or professional clients to complete a suitability test. (Pursuant to Article 56 of Commission Delegated Regulation (EU) 2017/565, OTP Bank Plc. shall not require Business Partners classified as eligible partners and professional clients to complete an appropriateness test either, since it assumes that the Business Partners have the necessary experience and knowledge in order to understand the risks involved in relation to those particular investment services or transactions, or types of transaction or product, for which they are classified as professional clients and/or eligible partners.) On the basis of a Framework Agreement concluded with Business Partners classified as retail clients under the Investment Firms Act, OTP Bank Plc. shall also provide investment advice as an investment service to the Business Partners, as a non-modifiable element of Global Markets services, if the Business Partners make use of Global Markets services covered by the Investment Firms Act on the basis of the Master Agreement. The range of Global Markets services covered by the Investment Firms Act is contained in Annex D to the Sales Terms and Conditions of OTP Bank Plc.'s Global Markets Department.***
- 2. Business Partners classified as retail clients—referred to in the previous section—whose Framework Agreement does not include the provision of investment advice as an investment service by OTP Bank Plc. may decide whether, in the future, they wish to receive investment advice as an investment service. (This requires an amendment to the Master Agreement.)***
- 3. The provision of investment advisory services is subject to the performance of a suitability assessment (test) by OTP Bank Plc., the detailed rules of which are contained in the Investment Services Business Regulation and the documents referenced therein.***

G. Cost-benefit analysis

1. *This Announcement was prepared in view of the provisions of Commission Delegated Regulation (EU) 2017/565, with the sole purpose of providing information to the Business Partners. This Announcement shall not constitute a contract between the Business Partner and OTP Bank Plc. or an amendment to the existing individual transaction or agreement.*

2. *Pursuant to Article 54(11) of Commission Delegated Regulation (EU) 2017/565: “When providing investment advice or portfolio management services that involve switching investments, either by selling an instrument and buying another or by exercising a right to make a change in regard to an existing instrument, investment firms shall collect the necessary information on the client’s existing investments and the recommended new investments and shall undertake an analysis of the costs and benefits of the switch, such that they are reasonably able to demonstrate that the benefits of switching are greater than the costs.”*

3. *Switching investments takes place when there is a relationship between two transactions that results in switching investments on the basis of intention/purpose/time horizon (which is recognisable and must be recognised); for example*

- a) the intention of the Business Partner is to enter into a new investment transaction, and the Business Partner had the intention of entering into a new transaction already when it decided to close the existing transaction;*
- b) the purpose of the Business Partner is to ensure the availability of the funds required for the new investment by selling, modifying or closing the existing investment; and*
- c) there is a temporal relationship between the decisions and transaction orders concerning the existing investment and the new investment (the orders were submitted concurrently or close in time).*

4. *OTP Bank Plc. shall only regard as switching investments those transactions where the Business Partner’s intention of switching investments was revealed during a telephone conversation, and OTP Bank Plc. gave a recommendation for both the sale of an instrument/closing of a position and the purchase of another instrument/opening of another position or the modification of an existing instrument within the framework of investment*

advisory services, and the employee of OTP Bank Plc. recommended the sale of an instrument/closing of a position to the Business Partner so that they can recommend the purchase of another instrument/opening of another position to the Business Partner. Nevertheless, the recommendations resulting in switching investments and the transaction orders can take place in different moments.

5. *If investment advice is provided that results in switching investments, OTP Bank Plc. shall communicate this fact in a suitability report sent to the Business Partner, including a reference to:*

- a) the content of this Announcement concerning the possible reasons and purposes of the recommendation for switching investments,*
- b) the costs specified in the confirmation of the conclusion of the transaction, sent to the Business Partner, and*
- c) the investment advisory session(s) understood as telephone conversation(s) recording relevant communication, in which specific reasons and purposes related to switching investments by the Business Partner are disclosed, and which is (are) handed over to the Business Partner on a durable medium.*

6. *The possible reasons for and purposes of the recommendation for switching investments may include:*

- a) the expected net yield of the recommended alternative transaction is higher than the expected net yield of the existing investment (taking into account the entry and exit costs implied in switching investments, as well as the fact that no reliable conclusions on prospective future yields and performance can be drawn from the historical data of alternative transactions and instruments, the changes in the price of the instruments are affected by the combined impact of several factors, which may change with market conditions and circumstances, therefore any new market event or information may affect the prices), and/or*
- b) changes in the position and needs of the Business Partner, and/or*
- c) changes in the characteristics of the product, financial instrument and/or the market conditions (e.g. securities becoming illiquid, increasing risks inherent in the existing investments, etc.), and/or*
- d) monetary and non-monetary factors related to costs and advantages that can be assessed (e.g. the investments of the Business Partner would become more diversified in terms of geographical location, instrument type, issuer, etc. as a result of switching investments, the alignment between the risks and the Business Partner's risk profile*

would improve, the liquidity of the investments of the Business Partner would improve, etc.).

H. Assessment of the target market and the sale of products outside of the positive target market

1. OTP Bank Plc. identifies at sufficient detail potential target markets for individual financial instruments and defines the client type or client types whose needs and features are consistent with the given financial instrument. As a part of this process, OTP Bank Plc. identifies the client group or client groups whose needs and features are inconsistent with the given financial instrument.
2. Given that besides the issuer/manufacturer of the financial instrument concerned, the financial instrument's target market may be also defined by the distributor or seller of the financial instrument, OTP Bank Plc. retains the right to differ from the target market definition offered by the issuer/manufacturer in the course of the services provided by OTP Bank Plc.
3. OTP Bank Plc. will inform the Business Partner if the given financial instrument qualifies as a sale transaction outside of the target market in relation to the given Business Partner. Sales outside the target market are permitted after the Business Partner has been alerted thereof, whereas the sale of products falling within a negative target market are permitted upon the Business Partner's express request for purchasing or acquiring the product, subject to one or more of the justifications specified below.
4. At the Business Partner's express request, OTP Bank Plc. may also decide on selling products belonging to a negative target market. On the other hand, OTP Bank Plc. may also decide not to sell a product belonging to a negative market to the Business Partner(s).
5. OTP Bank Plc's *Global Markets* Department does not provide investment consultancy services to the Business Partner in relation to products falling within a negative target market and does not offer such products to the Business Partner.
6. With respect to products that fall outside of the positive target market but do not belong to a negative target market ("grey market products"), the sale of such products and the provision of consultancy services in relation to them may be permitted on the following grounds:

Even after having been alerted, the Business Partner expressly maintains his intention to buy or to sell the product or to open a position and make an investment based on an order placed and

- a) the product falls outside of the positive target market but does not belong to a negative target market, and the conclusion of the individual deal and the acquisition of the financial instrument is not inconsistent with the Business Partner's interests and goals, or
- b) the product satisfies the investment or saving objectives specified by the Business Partner, or
- c) the product meets the expectations specified by the Business Partner based on the Business Partner's risk appetite and speculative purposes, or
- d) the Business Partner intends to manage his investments based on a portfolio approach and, in view of the investment objectives achievable with the given product and the saving intention, the product is consistent with other investment(s) comprising the portfolio, or
- e) based on the circumstances and facts determining the Business Partner's risk acceptance and risk-taking capacity, the individual transaction or the placement of the order is consistent with the Business Partner's expectations, or
- f) the Business Partner intends to conclude the deal for hedging purposes, and the conclusion of the individual deal or the placement of the given order is expected to moderate the Business Partner's existing risk-taking or fix it at a specific level/price or at specific levels and within a specific price range.

7. In the case of a negative target market, the sale of the product may be permitted on the following grounds:

Even after having been alerted, the Business Partner expressly maintains his intention to buy or to sell the product or to open a position and make an investment based on an order placed and

- a) the product satisfies the investment or saving objectives specified by the Business Partner, and based on the Business Partner's risk-taking capacity, he is capable of managing potential losses or additional payment obligations, or
- b) based on the Business Partner's risk appetite and speculative purposes, the product meets the expectations specified by the Business Partner, and based on the Business Partner's risk-taking capacity, he is capable of managing potential losses or additional payment obligations, or

- c) the Business Partner intends to manage his investments based on a portfolio approach and, in view of the investment objectives achievable with the given product and the saving intention, the product is consistent with other investment(s) comprising the portfolio, and the Business Partner is capable of managing potential losses or additional payment obligations based on his risk-taking capacity, or
- d) based on the circumstances and facts determining the Business Partner's risk acceptance and risk-taking capacity, the individual transaction or the placement of the order is consistent with the Business Partner's expectations, or
- e) the Business Partner intends to conclude the deal for hedging purposes, and the conclusion of the individual deal or the placement of the given order is expected to moderate the Business Partner's existing risk-taking or fix it at a specific level/price or at specific levels and within a specific price range.

I. Process of recording telephone conversations with the client

1. According to the provisions of the master agreement, the contract and the individual transaction concluded with the Business Partner, as well as of the Business Regulations accepted by the Business Partner, the *Global Markets* Department is entitled to record the conversation with the Business Partner.
2. The Business Partner acknowledges and accepts that he may initiate any transaction order, make any declaration or dispose over any of his financial instruments and liquid assets held with OTP Bank Plc. over the phone only through the landlines equipped with voice recording, specified by OTP Bank Plc.
3. OTP Bank Plc. handles the recordings in accordance with regulations on the handling of bank secrets, securities secrets and personal data, and provides access only in compliance with the rules pertaining to confidentiality and data management. Upon the request of the Business Partner, OTP Bank Plc. provides the Business Partner with the opportunity to listen to the recordings in the presence of the OTP Bank Plc's representative.
4. OTP Bank Plc. may prove the contents of the telephone conversation conducted with the Business Partner either in the form of a voice recording or of a memo prepared on the basis thereof.
5. For Business Partners not qualifying as consumers, the voice recordings made by OTP Bank Plc. shall be decisive, against which the Business Partner may submit evidence in rebuttal. For Business Partners qualifying as consumers, OTP Bank Plc. may use its voice records as proof against which the Business Partner may submit evidence in rebuttal. Consumers are natural persons acting for purposes outside their profession, sole trade or business.
6. For the purpose of recording the telephone conversations with clients, the *Global Markets* Department uses a digital voice recording system that also ensures the automatic compression of recordings so as to increase storage efficiency.
7. As a result of the digital voice recording procedure, upon playing back the voice records the conversation recorded with the affected client may

appear to have been split into several separate sections, and, due to the voice recording procedure and the digital splitting and compression of the audio files, the duration of an archived conversation may be shorter.

8. The storage and archiving procedure causes no loss of data or information to recorded telephone conversations; only parts of the recording that contain no digital signals ie conversations will be compressed. Examples of this include when the Business Partner does not respond immediately, because he checks the statements sent to him earlier or the dealer of the **Global Markets** Department checks the current market rates in respect of the individual order and the Business Partner is waiting for the result thereof during the telephone conversation.

9. Data protection information concerning voice recordings is contained in Annex 5 to the General Business Rules, and in the Privacy Notices attached as Annex G to OTP Bank Plc.'s Investment Services Business Regulations and as Annex F to the Sales Terms and Conditions of OTP Bank Plc.'s **Global Markets** Department, which are available on OTP Bank Plc.'s website and in the branches.

10. The procedure related to the handling of the voice recording containing the complaint or objection in relation to the business client's complaint presented over the phone in respect of OTP Bank Plc's services is included in OTP Bank Plc's Complaint Management Regulation.

J. Information given on the 10% decrease in the initial value of certain assets in the case of the positions in leveraged financial instruments or instruments containing transactions entailing contingent liability

- 1.** OTP Bank Plc. provides its Business Partners with regular information – in the form of a portfolio statement sent on bank working days – on the 10% decrease in the initial value of leveraged financial instrument positions or instruments containing transactions entailing contingent liability, and on any further 10% decrease in them. Based on the “Change in market value” data field of the statement related to the valuation of individual transactions, OTP Bank Plc. provides its Business Partners with continuous information on the changes in the leveraged financial instrument positions or instruments of transactions entailing contingent liability compared to the initial value. The decrease in the value of the assets is indicated by the negative range of the data field. OTP Bank Plc. sends the statement on each bank working day to the Business Partners; if the 10% decrease or the additional 10% decrease in the value of the assets takes place not a bank working day, OTP Bank Plc. sends the statement to the Business Partner by the end of the next working day.
- 2.** The information related to the impairment is determined as follows:
 - a) in respect of the individual transaction specified by the respective “Transaction ID”
 - b) based on the Business Partner's request and declaration, in the case of individual foreign exchange option transactions arranged into a strategy, based on the aggregated value of the individual option transactions arranged into a strategy
 - c) based on the Business Partner's declaration, in the case of partially closed forward foreign exchange transactions, based on the aggregated value of the instruments affected by the open positions outstanding after the individual transactions that close each other partially.
- 3.** In the case of derivative transactions, the initial value of the assets will be the initial margin requirement determined upon the conclusion of the

individual transaction, in the case of individual foreign exchange option transactions arranged into a strategy it will be the initial margin requirement determined based on the aggregate value of the individual transactions arranged into a strategy, while in the case of forward foreign exchange transactions it will be the total initial margin requirement calculated for the affected assets of the outstanding open positions after the individual transactions partially closing each other, while the change in the value of assets is reflected by the change in the variation margin compared to the initial margin (in the case of arrangement into strategy or partial closing, calculated according to the same principles that are used for the initial margin), since the change in the market value is reflected by the developments in the variation margin.

4. The summarised description related to the determination of the initial margin is included in the “Supplementary Announcement to the Sales Terms and Conditions of OTP Bank Plc.'s *Global Markets* Department (On the daily deal amount of the secured exposure, and the degree of the initial margin, the list of eligible Collaterals and the acceptance rate thereof, applicable to certain *Global Markets* Services). The summarised description related to the calculation of the variation margin is included in the “Informative Announcement to the Sales Terms and Conditions of OTP Bank Plc.'s *Global Markets* Department (On the calculation of the variation margin of certain OTC derivative Individual Transactions and on the conditions determining the change in the secured exposure).

K. Risks and consequences of the reuse of financial instruments

1. This notice was prepared in view of the provisions of Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities (Investment Firms Act) and Commission Delegated Directive 2017/593/EU, with the sole purpose of providing the Business Partners with information. This information does not qualify as a contract between the Business Partner and OTP Bank Plc., or as an amendment of the existing individual transaction or agreement.

2. This notice does not take into consideration the risks and consequences arising from the Business Partner's individual circumstances or from the conditions of the individual transactions; it provides information only on those general risks and consequences that may arise in relation to the respective service contracts and individual transactions as a potential risk and consequence of the reuse of the deposited financial instruments (not including the reuse upon the Business Partner's default).

3. If, based on a service contract or individual transaction the Business Partner transfers financial instruments to OTP Bank Plc. that are used for the conclusion of securities financing transaction or used repeatedly, the following potential risks and consequences may arise, which should be assessed and reviewed before making the financial or investment decision.

- a) The Business Partner's rights related to the financial instruments – including the potential ownership right – is replaced by unsecured contractual claim for the delivery of identical financial instrument according to the terms of the relevant service contract and of the individual transaction.
- b) OTP Bank Plc. manages the financial instrument affected by the reuse based on rules other than those applicable to the separate management of client assets. OTP Bank Plc. keeps a register, which contains the data of those Business Partners based on the orders of whom the financial instrument was reused.
- c) Upon settlement the acquisition of the identical financial instruments in due course may cause difficulties to OTP Bank Plc.
- d) In the event of OTP Bank Plc's potential payment difficulty, insolvency, bankruptcy, liquidation or resolution procedure, or if OTP Bank Plc. fails to fulfil the relevant contract by the due date, the Business Partner's claim related to the delivery of financial

instruments will become an unsecured claim. Furthermore, in such cases it may happen that the Business Partner cannot obtain the identical financial instruments or he is unable to realise the full value of the financial instruments, or the Business Partner receives different financial instruments or securities. It may also happen that upon the occurrence of such events, the return of the securities to the Business Partner will become the obligation of a different legal entity.

- e) Upon the default of other actors involved in the settlement, it may happen that the Business Partner does not get back all instruments, and he may have different rights depending on the laws of the given actor's country of registration (which does not necessarily have to be the Hungarian law) and on the protection provided by that actor.
- f) If the securities lent by OTP Bank Plc. are not returned to it in due course, it will not be able to deliver them to the Business Partner by the contracted delivery date, thus the Business Partner might not be able to discharge his contractual obligations related to the delivery of the securities or exercise his rights related to the ownership of the securities. This may also be the case when any member of the securities clearing system (e.g. central clearing house, custodian, clearing broker) becomes bankrupt or insolvent, in which case it may happen that the Business Partner can recover only part of the securities portfolio lent by him.
- g) Based on the agreement concluded between OTP Bank Plc. and the Business Partner, OTP Bank Plc. is not obliged to inform the Business Partner on the events related to the financial instruments or to the occurrence of corporate events in the case of securities.
- h) As a result of the termination of its ownership interest related to the financial instruments, the Business Partner is not entitled to exercise his voting, approval or similar rights related to the financial instruments. The Business Partner is no longer entitled to the interest, dividend or other payments, and cannot exercise the rights related to the financial instruments.
- i) The exercise of the right of reuse related to the financial instruments by OTP Bank Plc. and the resulting delivery of identical financial instrument to the Business Partner may entail different tax consequences and the settlements performed during the reuse may also impact the changes in the Business Partner's taxation obligation.

L. 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;
- Announcement on compliance with certain provisions of the EMIR – in respect of investment services;
- 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.

6. OTP Bank Plc. does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein. Please note that the conclusion of a given contract and the submission of orders may involve further obligations, such as the collateral requirement of the transaction or the provision of supplementary collateral, and a failure to meet such obligations in accordance with the relevant provisions of the contract could result in losses upon the closure of the position. If the specific financial instrument is traded on the regulated market, please consult the websites of the competent regulated market and clearing house to obtain further information and data on the applicable trading terms and settlement.

7. In regard to individual products and services, please also consider their consequences on tax treatment or any other tax implications, which can only be determined taking effective regulations and the individual circumstances of the customer into account, and may be subject to changes in the future. Unless otherwise indicated, yields presented in this publication are gross, non-annualised yields, which may be reduced by taxes in accordance with the effective regulations.

8. The products and/or services included in this Product Information may not be available to certain individuals, or their access to such products/services may be restricted. OTP Bank Plc.'s preparation and posting of the Product Information on its website and the presentation of information regarding the specific products and/or services may not be construed, under any circumstances, as an intention on OTP Bank Plc.'s part to make available information pertaining to the products and/or services contained in the Product Information for persons in respect of which some country or another competent state bans or restricts the use, purchase or advertising of the product and/or service.

9. This document has been prepared based on information available to OTP Bank Plc. at the date of preparation. Although this Product Information was prepared in good faith from sources that OTP Bank Plc. believes to be reliable, the Bank does not represent or warrant their accuracy and the data thus obtained may be incomplete or inaccurate.

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). All rights reserved. The contents of this Product Information are owned exclusively by OTP Bank Plc. and may not be reproduced, re-used, disseminated or re-transmitted without OTP Bank Plc.'s prior written consent, including any references thereto or incorporation thereof in any other website (service).