PRODUCT INFORMATION

CROSS-CURRENCY INTEREST RATE SWAPS INSTRUMENT

GLOBAL MARKETS DIRECTORATE OF OTP BANK PLC.

August 1, 2023

Please read this Product Information carefully before concluding a contract on Cross-Currency Interest Rate swaps. 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 Cross-Currency Interest Rate Swap transactions

A Cross Currency Interest Rate Swap (CCIRS) is an agreement for the exchange of a series of interest and principal payments denominated in two different currencies between OTP Bank Plc. (hereinafter: Bank) and the customer. The transaction is a complex derivate financial instrument concluded outside the regulated market (OTC).

Depending on the method of interest calculation, Cross-Currency Interest Rate Swaps can be fixed-for-fixed, floating-for-floating or fixed-for-floating CCIRS. Due to the different currencies, in one possible version of the transaction the Bank and the Business Partner swap the principal amount upon contract conclusion, then re-exchange it upon the expiration of the contract. The principal amounts are exchanged at a conversion rate specified at the start of the transaction; this rate remains unchanged throughout the term of the transaction.

Principal exchange in a CCIRS may take place at the following times:

- at the start of the term
- at the end of the term
- at repayment dates during the term
- or in a combination of the above.

Principal exchanges are settled on a gross basis, at times specified in advance in the contract.

Features

- Cross-Currency Interest Rate Swaps can be concluded in various forms depending on interest profile and the FX swap.
- Minimum CIRS contract amount is HUF 300 million or foreign currency equivalent. During the term, the notional value of the Cross-Currency Interest Rate Swap may decrease according to a pre-determined schedule.
- The typical term of a CCIRS is 1 to 15 years.

Typical purposes

- Cross currency interest rate swaps for hedging purposes can help the Bank's corporate and institutional customers manage their interest rate, credit, exchange rate and liquidity risks efficiently by mitigating or even eliminating the potential losses deriving from adverse shifts in interest rates.
- Speculative cross currency interest rate swaps may be of interest to those investors in the Bank's corporate and institutional clientele who have a clear expectation for the future movement of the yield curve and exchange rates.

2. Risks of Cross-Currency Interest Rate Swap transactions

Market value of the product

All Cross-Currency Interest Rate Swaps have a market value. The market value of a CCIRS may be influenced by the spot rate, the interest rates of the two currencies for the given term and their difference, the basis swaps (the value of the basis swap expresses the relative liquidity premium between the two currencies for a particular term), the number of days until the maturity of the transaction, and the changes in nominal value until the maturity. The higher the fluctuation (volatility) of the underlying interest rates and exchange rates, the riskier the investment.

Possible loss and profit

As the market value of a CCIRS depends on changes in exchange rates and interest rates, the market value of the transaction may change continuously and considerably during the term of the contract. During the term of the CCIRS the customer's balance sheet may register a significant negative market value. If the CCIRS is closed before maturity, the customer may even incur a significant loss. Potential loss on the product is unlimited.

Additional cost of capital, margining

The Bank applies limits and requests the customer to provide collateral against the risks associated with the cross currency interest rate swap. The customer is required to provide the margin in the form specified by the Bank (cash or security collateral). Normally, the collateral requirement for a CCIRS is a pre-determined percentage of the nominal value of the cross currency interest rate swap transaction, which may be unilaterally modified by the Bank. In the case of any unfavorable shifts in exchange rates or interest rates, the Bank may require additional margin (additional collateral). Upon the Bank's call, the customer is required to provide the additional margin in accordance with the contractual terms, and any (potentially high) losses sustained as a result will be borne exclusively by the customer. The Bank determines the additional margin requirement of the Cross-Currency Interest Rate Swap based on the current fair market value of the CIRS. The margin (i.e. collateral) may be released if the reason for its blocking has ceased to exist, at the express request of the customer, on the condition that the Bank's right to collateral under the Global Markets Master Agreement with the customer shall continue to apply to the customer's financial instruments and funds over which the customer has free disposal.

Possibility to unilaterally close a position (forced liquidation)

Upon the Bank's call, the customer is required to provide the additional margin in accordance with the contractual terms, and any losses sustained as a result will be borne exclusively by the customer. If the customer fails to provide the required additional collateral in accordance with the terms of the contract despite the Bank's request, the Bank may decide to liquidate the position, which could involve substantial losses for the customer. Liquidation costs, potential losses and the consequences of the failure of liquidation shall be borne exclusively by the customer.

Settlement obligation

Based on the terms and conditions fixed at the time of the conclusion of the cross currency interest rate swap, the customer is obliged to meet the payment obligations arising from the CCIRS on the relevant settlement dates. Where the customer's liabilities arising from the CCIRS are higher than the receivables, s/he will sustain a loss on the transaction.

3. Closing a Cross Currency Interest Rate Swap

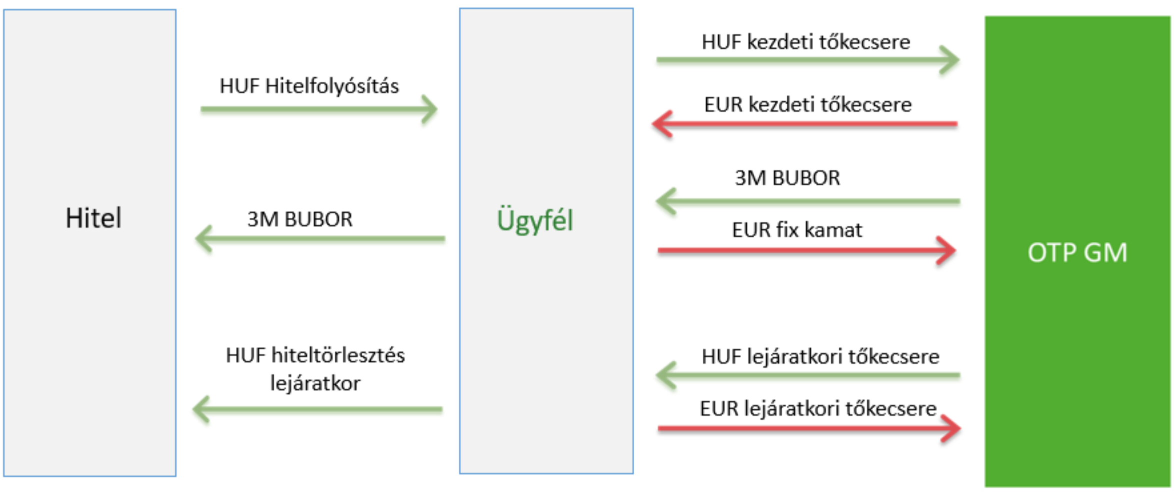
The customer is entitled to request the closing of any CCIRS. In the event of termination, the settlement of the profit or loss from the closure of the CCIRS will depend on the current market value of the transaction. By closing the position, the customer realises a result (profit or loss), which is settled at the latest on the second banking day following the closing date. The Bank is the calculating party of the closing event and may therefore, at its discretion, determine the rules and calculations to be applied and followed when closing the interest rate swap, in particular the amounts to be paid by the customer or the Bank.

Upon closing the transaction, the liability of the parties to pay interest for the remaining term ends.

Amounts from closing the transaction are settled on the relevant accounts on a net basis per currency.

4. Cross-Currency Interest Rate Swap Transaction

The Cross-Currency Interest Rate Swap is an agreement between the Business Partner and the Bank to exchange, at the beginning of the term of the CIRS, two notional values (principal amounts) that are denominated in two different currencies and equivalent at the current interbank FX market exchange rate, and to exchange the interest amounts on the principal received by the parties periodically in a pre-agreed manner. At the end of the term, the Bank and the Business Partner re-exchange the principal amounts at the exchange rate fixed at the start of the CIRS. The Bank and the customer may agree on when during the term they are to exchange the principal amounts; this will depend primarily on the cash flows of the loan transactions.
Depending on the method of interest calculation, Cross-Currency Interest Rate Swaps can be fixed-for-fixed, floating-for-floating, or fixed-for-floating CIRS transactions.



Hitel	Loan
Ügyfél	Customer
OTP GM	OTP GM
HUF Hitelfolyósítás	HUF Lending
3M BUBOR	3M BUBOR
HUF hiteltörlesztés lejáratkor	HUF loan repayment at maturity
HUF kezdeti tőkecsere	HUF initial exchange of principal
EUR kezdeti tőkecsere	EUR initial exchange of principal
EUR fix kamat	EUR fixed interest
HUF lejáratkori tőkecsere	HUF exchange of principal at maturity
EUR lejáratkori tőkecsere	EUR exchange of principal at maturity

Simultaneous interest rate and exchange rate risk management

- The customer has taken out a loan of HUF 500 million with a floating interest rate and a maturity of 2 years. Interest is paid retrospectively every quarter, while principal repayment is due in a lump sum at maturity. The annual rate of interest on the loan is 3-month BUBOR + 50 bps. With its revenues earned in EUR, a customer wants to hedge for the risk deriving from the fluctuations in the EUR/HUF exchange rate and the reference interest rate and therefore takes out a CCIRS in order to be able to fix the EUR amount of the quarterly interest payments.

PARAMETERS OF THE CIRS TRANSACTION	
Type	Cross-Currency Interest Rate Swap Transaction
Maturity	2 years
Notional	HUF 500,000,000
USD/HUF spot rate	375.00
Notional value amortisation	none
Business Partner pays (CIRS fixed leg)	4.00% per annum in HUF, on a quarterly basis
Business Partner receives (CIRS floating leg)	3-month USD LIBOR, on a quarterly basis
Equity swap	at the beginning and at the end of the term
Interest settlement	at the end of each quarter

- **Example for CIRS settlement on a quarterly basis:**

CIRS fixed leg at the end of each quarter:
4.00% * 0.25 * 500,000,000 / 375 = HUF 13,333

CIRS floating leg at the end of Quarter i:
3-month USD LIBOR at the end of Quarter i–1 * HUF 500,000,000 * 0.25

DATE	3-month USD LIBOR	BUSINESS PARTNER RECEIVES	HUF fix rate	BUSINESS PARTNER PAYS
contract date	14.20%	EUR 13,333,333	4,00%	HUF 500,000,000
End of Q1	13.50%	HUF 17,750,000	4,00%	EUR 13,333
End of Q2	13.25%	HUF 16,875,000	4,00%	EUR 13,333
…	…	…	…	…

End of Q7	8.50%	HUF 10,750,000	4,00%	EUR 13,333
End of Q8	8.40%	HUF 510,625,000	4,00%	EUR 1,346,667

- **Example of margin requirement:**

Customers of the Bank's Global Markets Directorate are required to provide collateral in order to take out a CCIRS against the Bank; in other words, they must provide sufficient collateral (margin) to meet the initial margin requirement upon the execution of the contract. The initial margin requirement means the possible loss arising from interest rate or price movements during the period deemed critical by the Bank, which may change during the term of the contract in response to changes in market conditions.

For instance, if the initial margin requirement of the product is ten per cent of the notional value, the collateral (i.e. margin) requirement upon the conclusion of the contract will be:
HUF 500,000,000 * 0.1 = USD 50,000,000

The customer is required to provide additional margin in the event of adverse movements in market interest rates/exchange rates. If the exchange rate or interest rate moves in an adverse direction, the Bank may require additional margin based on the current fair market value of the CCIRS, which may significantly increase the collateral requirement. For instance, if the additional margin requirement is 40 per cent of the notional value, the collateral requirement will increase to:
HUF 500,000,000 * 0.1 + HUF 500,000,000 * 0.4 = HUF 250,000,000.

If the customer fails to provide the required additional collateral in accordance with the terms of the contract despite the Bank's request, the Bank may decide to liquidate the position, which could involve substantial losses for the customer.

Three possible scenarios of changes in the value of the CCIRS are presented*:

1. The market value of the CCIRS changes in a way that benefits the customer, i.e. the EUR yield curve rises during the term.
2. The market value of the CCIRS changes in an adverse way for the customer, i.e. the EUR yield curve falls during the term.

3. The market value of the CCIRS changes in an adverse way due to a rising EUR/HUF exchange rate

*: the scenarios present only the impacts of changes in the EUR yield curve and the EUR/HUF exchange rate. Other factors determining the price of the CCIRS, such as the value of the basis swap and the HUF yield curve, are assumed to remain unchanged. In practice there is an infinite number of combinations of impacts determining the market value of a transaction.
If the customer takes out a fixed-for-floating CCIRS with a two-year term in which the customer pays fixed EUR interest, the customer may achieve a profit if the EUR yield curve rises during the term and the CCIRS is closed before maturity. If, however, the EUR yield curve falls during the term, the customer may incur a loss.

1. EUR yield curve rises during the term

- **Example for closing the CIRS at the end of Q3:**
  - In the event of closing before maturity, the customer and the Bank will settle at the current market value of the CCIRS, i.e. the net present value of the outstanding cash flow items for both legs of the CCIRS transaction and the principals payable to the other party. The net present value is calculated by the Bank. Changes during the term in the exchange rate, the interest rates and the price of the basis swap may result in significant payment obligations for the customer, potentially even in excess of the nominal value of the transaction.

In such a case, the rise in the EUR yield curve will cause the market value of the fixed leg of the CCIRS to also increase. Since the assumption is that none of the other parameters determining the value of the CCIRS have changed, the current market value of the CCIRS at the time of closing during the term will be determined, and the CCIRS transaction settled, on the basis of the higher EUR yield curve.
In such a market environment, if for instance the net present value of the cash flows from the CCIRS amount to EUR 10,000 for the benefit of the customer at the end of Q3, the Bank will pay the customer EUR 10,000 at closing.

2. EUR yield curve falls during the term

- **Example for closing the CIRS at the end of Q3:**

In such a case, the drop in the EUR yield curve will cause the market value of the CCIRS fixed leg to also decrease. Since none of the other parameters determining the value of the CCIRS are assumed to have changed, the current market value of the CCIRS at the time of its closure during the term will be determined, and the CCIRS transaction settled, on the basis of the lower EUR yield curve.
In such a market environment, an EUR -37,000 net present value of cash flows from the CCIRS from the perspective of the customer at the end of Q3 would for instance mean that the customer is to pay the Bank EUR 37,000 at closing.

3. The market value of the CCIRS changes in an adverse way for the customer due to a rising EUR/HUF exchange rate

During the term of the transaction, the EUR/HUF rate depreciates to 425 as of the end of Q4. As a result and assuming that the rest of the parameters are unchanged, the market value of the CCIRS transaction will decrease significantly. If the negative market value, the net present value of the price difference projected onto the nominal value and interest is EUR -122,000 from the customer's perspective, then the customer will pay the Bank EUR 122,000 at closing.

If in the CCIRS the customer pays fixed EUR interest and receives floating HUF interest, the risk on the CCIRS will increase if EUR yields decrease, the price of the basis swap paid at fixed interest decreases and/or there is an extreme rise in the EUR/HUF exchange rate. The above calculations are based on a one-time interest rate and exchange rate change due to market movements and do not imply that there is a maximum limit to the margin requirement or the potential loss on the transaction.

5. Summary of the advantages and disadvantages of Cross-Currency Interest Rate Swaps

Main advantages of the transaction

- Cross-Currency Interest Rate Swaps can offer a predictable cash flow in the context of exchange rate, interest rate, credit and liquidity management activity.
- A cross currency interest rate swap allows customers to repay their loans in a currency other than the one in which the Bank's loan is denominated.
- The Business Partner has an opportunity to conclude a Cross-Currency Interest Rate Swap against a collateral requirement that is lower than the notional value of the CIRS.
- In case of favourable market developments, the Business Partner can be protected from any detrimental shifts in the underlying yield curve and the prices.
- Upon the Business Partner's request, a CIRS position can be closed by an offsetting contract during the term.

Main risks of the transaction

- Under the CIRS contract the Business Partner undertakes a performance obligation: the Business Partner must settle with the Bank even if the interest rates, exchange rates prove to be lower/higher than the fixed interests rate, exchange rates, which could result in a substantial capital loss deriving from interest rate and/or exchange rate effects.
- If the Business Partner closes the CIRS position with an offsetting contract during the term, depending on the prevailing market conditions he could incur unlimited losses.
- If, for any reason, including risks arising from changes in interest rates and foreign exchange rates during the term, the collateral pledged by the Business Partner is deemed insufficient by the Bank to cover the financial risk of the positions opened and held by the Business Partner, the Bank may require additional margin. Upon the Bank's call, the Business Partner is required to provide the additional margin in accordance with the contractual terms, and any losses sustained as a

result will be borne exclusively by the Business Partner. If the Business Partner fails to provide the required additional collateral in accordance with the contractual terms despite being called upon by the Bank, the Bank may decide to liquidate the CIRS transaction, which could involve substantial losses for the customer. Liquidation costs, potential capital losses and the consequences of the failure of liquidation shall be borne exclusively by the customer.

- In the event of the early repayment of a loan hedged by a CCIRS transaction, this may result in the closing/partial closing of the hedging transaction, which may involve significant closing costs if, at the closing of the CCIRS, the market value of the transaction is negative.

6. Miscellaneous information

Prerequisites for entering into Cross-Currency Interest Rate Swap contracts

- Concluding the Global Markets Master Agreement, which is annexed to OTP Bank Plc.'s Investment Services Business Regulation, with the Bank and signing any other required documents
- Concluding agreements for payment accounts denominated in the settlement currency of the transaction
- Posting collateral as specified by the Bank
- Providing all data required for obtaining preliminary information pursuant to Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and on the Regulations Governing their Activities (hereinafter: Act on Investment Firms), and filling out the fitness/compliance test prescribed by the Act on Investment Firms

Guarantees linked to the Cross-Currency Interest Rate Swap

OTC cross currency interest rate swaps are not covered by the National Deposit Insurance Fund (OBA) or the Investor Protection Fund (BEVA).

Fees and charges related to Cross-Currency Interest Rate Swaps

The Bank's quotation pertaining to Cross-Currency Interest Rate Swap contracts includes all direct fees and charges. It does not include any indirect costs related to obtaining and holding the financial instrument or to the conclusion, maintenance and performance of the contract (e.g. fee, commission, tax, account management).

Tax implications of the Cross-Currency Interest Rate Swap

The Bank makes the tax payments prescribed by prevailing regulations for the payment 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. In performing its tax payment

obligations, the Bank issues a slip on the payment and, in the case of payments made to private individuals, determines the tax base and the tax amount, and declares, deducts and pays the tax, and submits data to the tax authority, in accordance with the applicable legal provisions.
The Bank does not offer interest rate swap transactions for private individuals subject to Act CXVII of 1995 on Personal Income Tax, i.e. it does not have a role as paying agent related to the tax liabilities of private individuals.
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 Business Partner and may be subject to change in the future.

Miscellaneous information

For general further information, please refer to OTP Bank Plc.'s Standard Prior Information Announcement, OTP Bank Plc.'s Investment Services Business Regulation (Investment Services Business Regulations), including Annex A, constituting an integral part thereof, the General Terms and Conditions for Global Markets Services, the announcements constituting annexes to the Investment Services Business Regulations, the Global Markets Framework Agreement template and the Fees, the MIFID Customer Information, the EMIR announcement and the announcements and annexes referred to therein, which are available on the website https://www.otpbank.hu. Information may also be obtained at the branches of OTP Bank Plc.

7. Notices and disclaimers

1. This Product Information is complete with the following documents of as inseparable annexes hereto:

- Preliminary Announcement on certain Global Markets services rendered by at the Global Markets Directorate of OTP Bank Plc.; individual product information materials and any documents attached thereto along with all referenced business terms and notices;
- Information for Clients on MiFID;
- Announcement on compliance with certain provisions of the EMIR – in respect of investment services;
- OTP Bank Plc.'s Investment Services Business Regulation, including, in particular, the General Terms and Conditions for Global Markets Services, which form an integral part thereof, and the business regulations, announcement and annexes referred to therein, the Global Markets Master Agreement template and any other related documents required,
- 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 review the documents listed here and any other information documents referred to or indicated therein in order to make an informed investment decision on the transaction described in this prospectus. It is also recommended that, before making an informed decision on the investment or service you wish to use, you carefully consider the subject of your investment, the risks involved, the fees and costs involved, the possibility of loss, and the tax laws applicable to the given product or investment. Prices of financial instruments and securities are subject to change. Spot trades are transacted at the current exchange rate, which may involve a significant foreign exchange loss.

2. The publication of this prospectus and its handover to the customer does not constitute an offer, investment recommendation, tender notice, investment advice, investment or financial analysis, investment promotion, legal, tax or accounting advice. The information contained in the prospectus is for information purposes only and is intended solely for the purpose of providing OTP Bank Plc's current and future customers with prior information as required by law. This prospectus sets out general information and therefore does not take into account the specific individual needs, financial position, risk-taking capacity and willingness of each customer. Please contact our staff or your banking advisor if you have any questions 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 advisory agreement and making the necessary statements (thus especially a suitability test).

3. All investments involve certain risks that may affect the performance of the investment decision and the investor may not receive the amount of money they had invested or expected to receive, and may even lose some or all of the capital invested or incur a payment obligation in excess of the amount invested.

4. The information in this prospectus cannot serve as a reliable basis for conclusions concerning prospective future yields, changes or performance. The graphs and calculations contained herein are for illustrative purposes only and are intended to demonstrate alternative scenarios. In no case should they be construed as illustrating specific transactions, even if the customer has a transaction with identical or similar characteristics. 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 cannot be regarded as information on the changes or performance of particular financial instruments, whether past or future. The risk of specific individual decisions and investments made on the basis of this information is borne solely by you, and OTP Bank Plc shall not be held liable for the success of investment decisions or the achievement of the target set by you.

5. Nothing in this Prospectus constitutes OTP Bank Plc. acting as agent, nominee or otherwise for or on behalf of any prospective investor seeking to invest in any of the instruments described in this Prospectus. Please note that concluding the contract and submitting an order may involve further obligations, such as the margin (i.e. 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 financial instrument in question is traded on a regulated market, we recommend that you visit the website of the relevant regulated market and clearing house for further information and details on trading conditions and settlement.

6. Please also assess the tax settlement consequences and other tax implications of each product or service, bearing in mind that these can only be accurately assessed on the basis of the applicable tax legislation and the individual circumstances of each customer, and that these circumstances are subject to change. The returns shown in this publication are non-annualised gross returns (unless indicated otherwise), from which tax may be deducted subject to the legal regulations in force.

7. Certain persons may not have access or may have only limited access to the products and/or services described in this prospectus. The creation, uploading to the website and the displaying of the prospectus and the displaying of information on products and/or services by OTP Bank Plc. shall under no circumstances be deemed to constitute an intention on the part of OTP Bank Plc. to make information on products and/or services described in this information available to persons for whom the use, acquisition or advertising of the products and/or services in question is prohibited or restricted by a country or other relevant jurisdiction.

8. This prospectus has been drawn up on the basis of information available to OTP Bank Plc. at the date of its preparation. While OTP Bank Plc has relied in good faith on sources it believes to be reliable in preparing this prospectus, it makes no warranties, guarantees or representations of any kind as to the accuracy or completeness of the information contained herein.

9. 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, and on the Bank's website at www.otpbank.hu.

10. The Bank reserves the right to change the terms contained in this prospectus. This prospectus may be changed in the future without prior notice. Please make sure to follow any changes that may be made to this document.

11. 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. 55; HFSA license numbers: III/41.003-22/2002 and E-III/456/2008).

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