

Erste Structured Product

The Erste Structured Product is an investment vehicle that offers the opportunity to achieve extra returns above the market risk-free rate of return. This requires that the exchange rate/price of the Underlying Product in the underlying structure of this product slightly weakens, stagnates or strengthens.

An Erste Structured Product is typically a derivative instrument with a fixed maturity that is aligned with the maturity of the instruments that give the underlying structure of the product (Structure), the value of which upon maturity depends on the performance of this Structure. Therefore, if you purchase an Erste Structured Product, you will in any case receive the Bonus determined at the time of purchase of the product at maturity in the currency of the Amount Invested, due to the price/exchange rate variation of the Underlying Product of the Structure and the nature of the Structure, by having the amount invested in its own currency or the equivalent of the amount invested in the indicated currency credited to your account.

1. To whom do we recommend Erste Structured Product?

- customers who expect sideways movement in the exchange rate/price of the Underlying Product.
- those who want to receive an attractive **Bonus payout** at the maturity of the product. The Bonus will be paid in any case, thus reducing the risk.
- those looking for an attractive investment opportunity with **a flexible maturity**.
- those who are looking for an investment option that best suits **their individual needs**.
- those who are willing to **forgo capital protection** for an attractive **Bonus payout**. However, depending on the type of structure, there is also a choice of capital guaranteed investment options.
- those who find the predetermined Conversion Rate/Strike Price **an attractive entry point**.

2. Product parameters, definitions

Structure	An Erste Structured Product consists of a deposit in the currency of the Amount Invested and an option on the Underlying Product, which otherwise typically have the same maturity.
Currency	The currency of the amount invested by the customer in this Structured Product
Underlying Product	Includes instruments whose exchange rate/price movements determine the payment of the structured product at maturity. This instrument can be either a foreign currency or an equity. (For more details, see the description of each structure.)

Conversion Rate/Strike Price	The predetermined price/exchange rate of the underlying product, fixed in the contract with the customer for the purchase of this product, at which the Invested Amount is converted into the alternative currency or equity, depending on the type of underlying product, as detailed in point 3.
Amount Invested	The amount of capital placed by an investor to purchase an Erste Structured Product.
Term, settlement	The period between the trade date and the Maturity Date. Settlement date: Maturity
Monitoring Time	The time agreed with the customer at which the market value of the Underlying Product is recorded, which is the reference for determining the payout at maturity. In the event that the Underlying Product is: - foreign currency, the monitoring time is the date prior to the Maturity Date. - a share, the monitoring time shall be the close of trading on the third trading day preceding the maturity date of the share in question.
Result/Value upon Maturity / Maturity Value	The result of the Erste Structured Product RC-Currency, which is due at maturity and which, depending on the Conversion, is the Invested Amount or its equivalent plus the Bonus.
Bonus	The portion of the Result in excess of the Invested Amount or the equivalent of the Invested Amount. This amount is a predetermined percentage of the Invested Amount, calculated on an annual (360-day) basis.

3. Risk factors

The maturity value of the Erste Structured Product depends on the result of its structure and the exchange rate/price of the underlying product. Thus, how much is paid out on maturity of this product depends on the performance and its value. The product carries the risks inherent in the components of the structure (e.g. payout risks). As in respect of this product the Structure merely provides a basis for determining the result of the product, the ownership of the product does not mean that the owner of the product can make any claim in relation to the components of the structure. As a consequence, rules that would otherwise be applicable to certain components of the structure (e.g. claims arising from a deposit) may not apply in the case of the product.

In addition in order to make an informed investment decision, please also take into account the following major risks:

- The closer the Conversion Rate/Strike Price is to the spot rate at the time of the transaction, the higher the value of the Bonus and the higher the risk of a Conversion at maturity.
- The performance of the Underlying Product is relevant for the Conversion, so the amount of the Bonus is not affected by the change in the Underlying Product's price/exchange rate.
- If a Conversion is made at maturity, the investor may suffer a loss of capital as the conversion will be made at the Conversion Rate/Strike Price.
- In the case of foreign exchange rates and equity prices, the exchange rates and prices used by the manufacturer apply, which may differ due to the specificities of the foreign exchange and equity markets (e.g. a share may be quoted on several stock exchanges).

- The manufacturer of the Structured Product is liable for the payment of the maturity value. If it is insolvent, the payment of the maturity value is doubtful.
- Liquidity risk: Erste Befektetési Zrt. does not provide secondary market quotation for the product, so there is no possibility to sell the product before maturity.
- In the event that a Conversion takes place, the instrument settled upon the maturity of the Structured Product as a result of the Conversion will continue to have the risks and other features inherent in such instrument.

4. Factors affecting the value of the Bonus

The higher the Bonus, the higher

- the risk-free rate of return in the market;
- the higher the volatility of the Underlying Product;
- the closer the Conversion Rate/Strike Price is to the spot rate on the trade date.

Changes in product parameters		Bonus value
Interest environment rises	→	RISES
volatility of the Underlying Product rises	→	RISES
Spread between the spot rate of the underlying product at trade date and the strike price decreases	→	RISES

5. Main factors affecting the components of the Erste Structured Product during the term

- fluctuations in the price/exchange rate of the Underlying Product, i.e. volatility (as volatility increases, the value of the Erste Structured Product decreases);
- the evolution of the Underlying Product's price/exchange rate, the impact of which on the value of the Erste Structured Product is greater the closer the Underlying Product's price/exchange rate is to the Conversion Rate/Strike Price.

6. Important information

Before investing in Erste Structured Product RC-Currency, please also consider the following:

- Erste Befektetési Zrt. does not provide a secondary market quotation for the product, so **it is not possible to sell the product before maturity.**
- The result of the product always consists of two elements: the Invested Amount or its equivalent (on which you may suffer a loss depending on the Monitoring Value) and a Bonus, which is paid in the predetermined currency irrespective of market conditions.
- The product constitutes a controlled capital market transaction, no tax is deducted or assessed by the payer, the tax will have to be self-assessed by the individual in his/her tax return for the relevant year. The applicable exchange rate set out in the Personal Income Tax Act may differ from the rate actually applied when the tax liability is settled, which may affect the taxable profit.

The types of Erste Structured Products included in the product offering of Erste Investment Bank are explained below, where it is described how each structure works and what are the differences between the structures.

I. Erste Structured Product - Reverse Convertible (RC) - Equity

Structured products with an equity underlying product will always pay out the predetermined bonus value regardless of the performance of the underlying product, but the outcome of the repayment of the invested capital can be one of two ways: it is either paid out in the currency of the invested amount or converted into the underlying product of the structure at a pre-determined price, i.e. into the given equity, and credited to the customer's account.

1. Product parameters and definitions arising from the specificities of structured products with RC equity underlying

Underlying Product	A listed equity security designated in the name of the Erste Structured Product. Please consult your broker for information on the range of underlying products.
Spot price of the underlying product	The spot price of the Underlying Product as quoted on the relevant exchange at a given time.
Conversion	The operation whereby, at maturity, a whole number of Underlying Products in an amount equal to the Invested Amount, determined on the basis of the Strike Price, is delivered to the Customer in place of the Invested Amount.
Equity equivalent of the Amount Invested	Number of Equities which indicates the quantity of Underlying Products to be delivered at maturity in the event of Conversion. Its value is equal to the ratio of the Amount Invested to the Strike Price. Where the value is a fraction, always the integer part of the value will apply. The difference resulting from the fractional amount will be credited to the Customer's securities account at maturity in the currency of the amount invested.
Equivalent of the Amount Invested	Where the quotient of the the Invested Amount and the Strike Price is: <ul style="list-style-type: none"> • an integer: its value is equal to the equity equivalent of the Invested Amount; • a fractional number: its value is equal to the sum of the equity equivalent of the Invested Amount and the value of the fractional part calculated at the Strike Price (the difference between the Invested Amount and the equity equivalent, hereinafter referred to as the Difference).

2. Important information about structured products with equity underlying product:

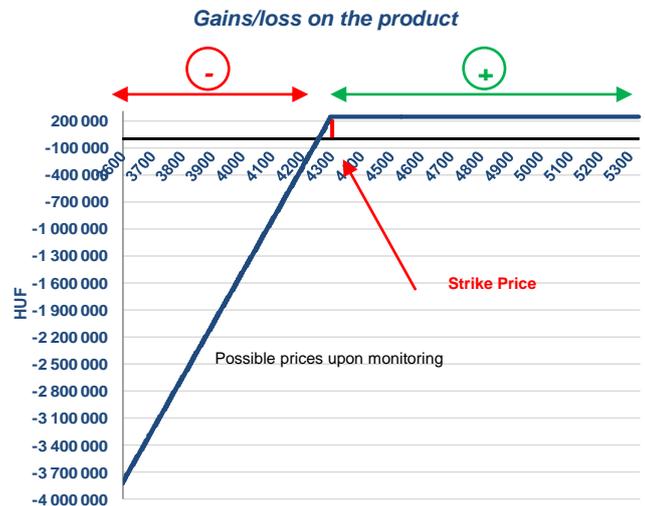
- The product is manufactured by Erste Befektetési Zrt.
- The maturity is typically 1-3 months.
- In the case of a conversion event, the Investor may suffer a loss of capital.

3. Determination of the maturity value

An example is given to illustrate how much the value of the Product will be upon maturity.

Investment parameters

Amount Invested	HUF 25,000,000
Currency of the Amount Invested	HUF
Underlying Product	OTP
Term of the product	30 days
Spot price on the trade date	HUF 4,500
Strike Price	HUF 4,300
Equity equivalent of the Amount Invested	5 813 OTP
Equivalent of the Amount Invested	5 813 OTP + HUF 4,000 (difference)
Bonus	HUF 250,000 (12% p.a)



Possible results

A) If the OTP price at the time of the monitoring = 4 450 HUF (above the Strike Price)

25 HUF 50 000, of which the Invested Amount is HUF 25 million and the Bonus is HUF 250 000

B) If the OTP price at the time of the monitoring = 4 000 HUF (below the Strike Price)

5 813 OTP + HUF 4 100 (equivalent of the Invested Amount) + HUF 250 000 Bonus

So, if at the Monitoring Time the OTP price is at or below the Strike Price, a Conversion will be made.

II. Erste Structured Product - Reverse Convertible (RC) - Currency

If the underlying product of a structured product is currency, the predetermined bonus value will always be paid out regardless of the performance of the underlying product, but the outcome of the repayment of the invested capital can be one of two ways: it is either paid out in the currency of the invested amount or converted into an Alternative Currency at a pre-determined rate.

1. Product parameters and definitions arising from the specificities of structured products with RC currency underlying

Underlying Product	Includes the currencies whose exchange rate movements determine the payment of this structured product at maturity. These can be: EUR/HUF, EUR/USD, CHF/HUF, EUR/CHF. (The currency denomination of the investment is the Base Currency and the other member of the currency pair is the Alternative Currency.)
Conversion	The operation whereby the Invested Amount is converted at the Exchange Rate. This occurs when the Alternative Currency has weakened against the Exchange Rate at the Monitoring Time.
Amount Invested	The amount of capital placed by an investor before purchasing an Erste Structured Product RC-Currency.
The Equivalent of the Amount Invested	The value showing the amount of Alternative Currency that will be paid out at Maturity in the event of Conversion.

2. Important information about structured products with currency underlying product:

- It is the responsibility of the manufacturer of the product to determine the amount of the payout at Maturity (Result) and the date of payment, who must be a partner approved by Erste Befektetési Zrt., acting in accordance with this product description and the product parameters.
- The maturity of the product is flexible, ranging from a minimum of 3 weeks to a maximum of 12 months.
- In the event of a conversion event, the Investor may suffer a loss of capital.

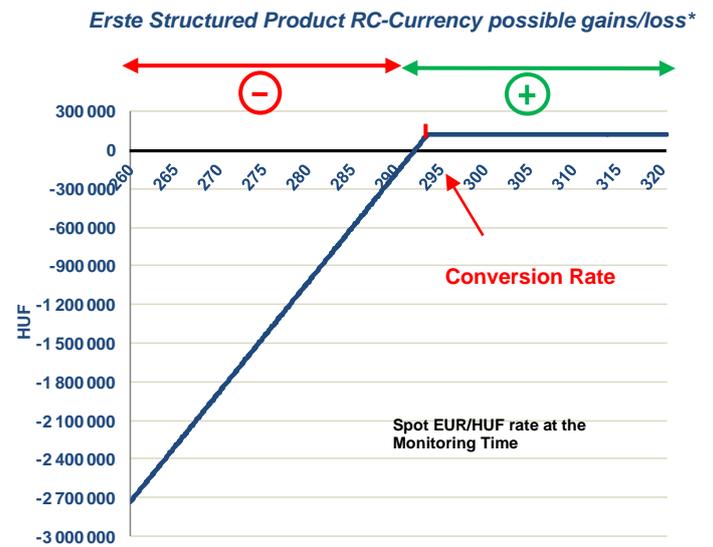
3. Determination of the result

The result of the Erste Structured Product RC-Currency is illustrated by two examples.

Example 1

Investment parameters

Amount Invested	HUF 25 million
Currency of the Amount Invested	HUF
Underlying Product	EUR/HUF
Alternative currency	EUR
Term of the product	30 days
Spot rate on the trade date	295.5
Conversion Rate	293.5
Equivalent of the Amount Invested	85,179 euros
Bonus amount	HUF 119,792 (5.75%)



Possible results

- A. If the exchange rate of the Underlying Product at the time of monitoring at maturity = 295 (above the Conversion Rate)

HUF 25 119 792, of which the Invested Amount is HUF 25 million plus the Bonus of HUF 119 792

Profit HUF 119,792

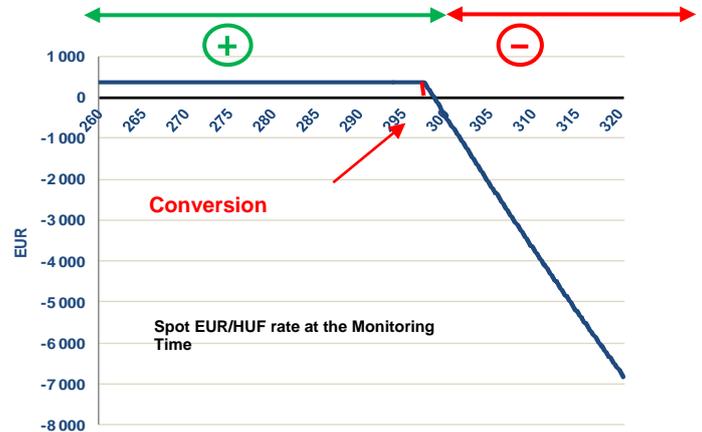
- B. If the exchange rate of the Underlying Product at the time of monitoring upon maturity = 290 (below the Conversion Rate)

EUR 85,179 (equivalent of the amount invested) + HUF 119,792 Bonus

Example 2

Amount Invested	100,000 euros
Currency of the Amount Invested	EUR
Underlying Product	EUR/HUF
Alternative currency	HUF
Term of the product	30 days
Spot price on the trade date	295.5
Conversion Rate	297.5
Equivalent of the Amount Invested	HUF 29,750,000
Bonus amount	HUF 354 (4.25% p.a.)

*Erste Structured Product RC-Currency possible gains/loss**



Possible results

A) If the exchange rate at the time of monitoring upon maturity = 296 (below the Conversion Rate)

EUR 100,354, of which the Invested Amount is EUR 100,000 and the Bonus is EUR 354

NBH EUR/HUF exchange rate on the date of maturity = 296, Loss: $354 \times 296 = \text{HUF } 104,784^*$

B) If the exchange rate at the time of monitoring upon maturity = 298.5 (below the Conversion Rate)

HUF 29,750,000 (equivalent of the amount invested) + HUF 354 Bonus

NBH EUR/HUF exchange rate on expiry date = 300

Loss: $(100,000 - 29,750,000/300) \times 300 - 354 \times 300 = \text{HUF } 143,800^*$

*The value of the potential profit/loss function is plotted as a function of the Spot exchange rate at the time of monitoring. The actual gains/loss is determined on the basis of the NBH middle rate of the Erste Structured Product RC-Currency at the Maturity Date.

III. Erste Structured Product - Barrier Reverse Convertible (BRC)

The Barrier Reverse Convertible structured product has a so-called barrier compared to the RC structured product, which gives the Investor extra protection but also results in a lower bonus level. The main point of the structure is a pre-determined knock-in exchange rate which, if not ever touched by the exchange rate of the underlying product during the maturity period, the bonus and the invested capital are paid out at maturity in the currency of the amount invested. In the event that the exchange rate of the Underlying Product touches the Knock-in Exchange Rate even once during the term, the product will continue to behave as an RC structured product.

BRC-type structured products are recommended primarily for those who seek a safer form of investment than an RC structured product and are willing to accept lower returns in order to achieve greater security.

1. Product parameters and definitions arising from the specificities of structured products with BRC currency underlying

BRC – Currency Structure	An Erste Structured Product consists of BRC- Currency a deposit in the currency of the Amount Invested and an option on the Underlying Product, which otherwise have the same maturity typically.
Knock-in Rate / Knock-in Level	The pre-determined exchange rate of the Underlying Product, agreed with the Customer, which determines whether an Knock-in Event will occur during the Maturity Period.
Knock-in Event	The event that occurs if the exchange rate of the Underlying Product reaches the Knock-in Rate even once during the Maturity Period. In this case, the exchange rate recorded at the Monitoring Time will be used as the basis for determining whether or not Conversion occurs.

2. Important information about structured products with BRC-Currency underlying:

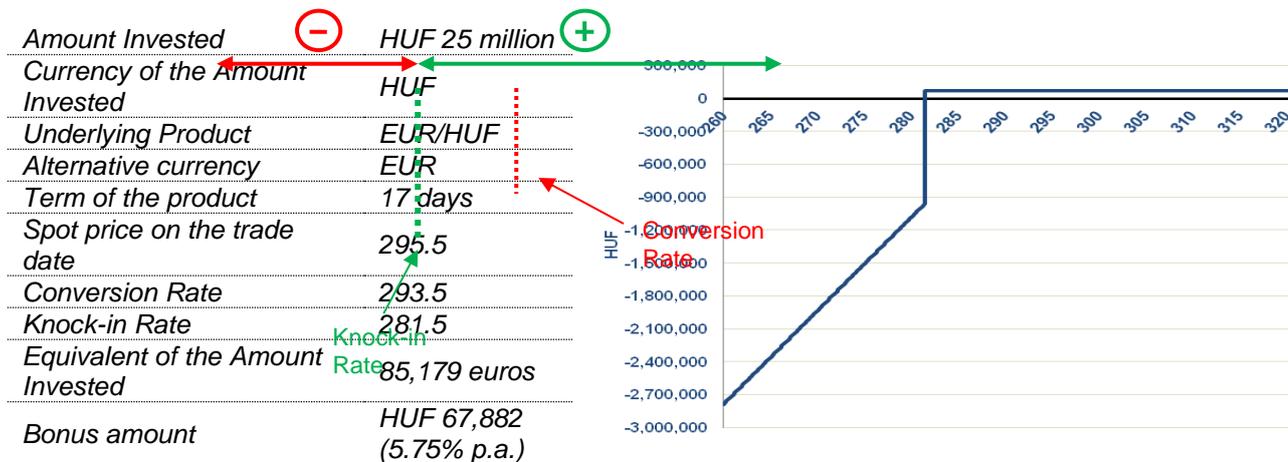
- In the case of the BRC-Currency structure, the introduction of the Knock-in Rate reduces the value of the Bonus, which also reduces the risk of the product.
- The closer the Knock-in Rate is to the Conversion Rate, the higher the risk of a Knock-in Event occurring during the Maturity Period, which automatically implies the possibility of Conversion at maturity.
- The Knock-in Rate is relevant to whether or not an actual Conversion occurs based on the rate prevailing at the Monitoring Time.
- It is the responsibility of the manufacturer of the product to determine the amount of the payout at Maturity (Result) and the date of payment, who must be a partner approved by Erste Befektetési Zrt., acting in accordance with this product description and the product parameters.
- The maturity of the product is flexible, ranging from a minimum of 3 weeks to a maximum of 12 months.
- In the event of a conversion event, the Investor may suffer a loss of capital.

3. It is illustrated by two examples how the result is determined

Example 1

Investment parameters

Erste Structured Product BRC-Currency gains/loss



Possible results

A) If the Knock-in Event does not occur

HUF 25 067 882, of which the Invested Amount is HUF 25 million plus the Bonus of HUF 67 882

Profit HUF 67,882

B) If the Knock-in Event occurs and ...

a) ... the exchange rate of the Underlying at the time of monitoring at Maturity = 295 (above the Conversion Rate)

HUF 25 067 882, of which the Invested Amount is HUF 25 million plus the Bonus of HUF 67 882

b) ... and the exchange rate of the Underlying at the time of monitoring at maturity = 290 (below the Conversion Rate)

EUR 85,179 (equivalent of the amount invested) + HUF 67,882 Bonus

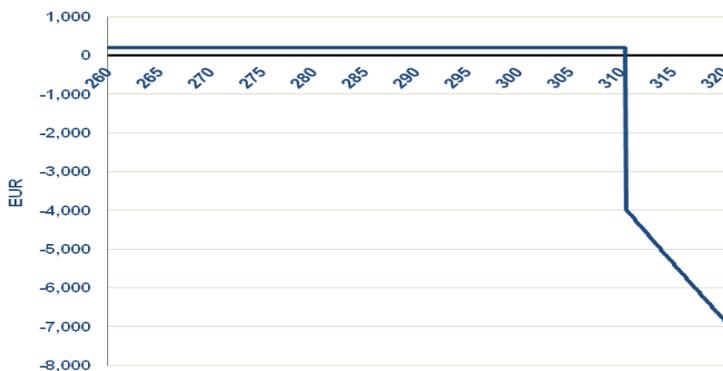
NBH EUR/HUF exchange rate on maturity date = 290, Loss: HUF 230,208*

Example 2

Investment parameters

Erste Structured Product BRC-Currency gains/loss

Amount Invested	100,000 euros	⊕
Currency of the Amount Invested	EUR	→
Underlying Product	EUR/HUF	⋮
Alternative currency	HUF	→
Term of the product	17 days	⋮
Spot price on the trade date	295.5	Conversion Rate
Conversion Rate	297.5	
Knock-in Rate	310.5	Knock-in Rate
Equivalent of the Amount Invested	HUF 29,750,000	
Bonus amount	HUF 201 (4.25% p.a.)	



Possible results

A) If the Knock-in Event does not occur

EUR 100,201, of which the Invested Amount is EUR 100,000 and the Bonus is EUR 201

NBH EUR/HUF exchange rate on the date of maturity = 296, Loss: $296 \times 201 = 59,496$ forints

B) If the Knock-in Event occurs and ...

- a) ... and the exchange rate at the time of the monitoring upon maturity = 295 (below the Conversion Rate)

EUR 100,201, of which the Invested Amount is EUR 100,000 and the Bonus is EUR 201

NBH EUR/HUF exchange rate on the date of maturity = 300, Loss: $300 \times 201 = 60,300$ forints

- b) ... and the monitoring value upon maturity = 299 (above the Conversion Rate)

HUF 29,750,000 (equivalent of the amount invested) + HUF 201 Bonus

NBH EUR/HUF exchange rate on expiry date = 300

Loss: $(100,000 - 29,750,000/300) \times 300 - 201 \times 300 = 189,600$ forints*

*The value of the potential profit/loss function is plotted as a function of the spot exchange rate at the time of monitoring. The actual gains/loss is determined on the basis of the NBH middle rate of the Erste Structured Product BRC-Currency at the Maturity Date.

IV. Erste Structured Product - Reverse Convertible (DNT) - Currency

The Erste Structured Product Double No Touch (DNT) - Currency is a form of investment that offers the opportunity to achieve an extra return above the market risk-free return if the rate of the selected underlying currency in the underlying structure of this product remains within the predefined Exchange Rate Barriers.

An Erste Structured Product DNT-Currency is typically a derivative instrument with a fixed maturity that is aligned with the maturity of the instruments that give the underlying structure of the product (Structure), the value of which upon maturity depends on the performance of this Structure. If you buy an Erste Structured Product DNT - Currency, you will receive the amount invested at maturity regardless of the movements of the underlying of the Structure. In addition, if the Underlying Product of the Structure remains within the predetermined Exchange Rate Barriers (never touching the barriers), the pre-determined Bonus will also be paid at maturity in addition to the invested capital.

1. To whom do we recommend Erste Structured Product DNT-Currency?

- Those giving preference to **capital guaranteed investments**, as **if the Erste Structured Product DNT-Currency is held to maturity** the repayment of the invested capital is guaranteed.
- Those seeking **capital guaranteed investment vehicles** that offer the potential to achieve **a higher Bonus** than the market risk-free return.

2. Product parameters and definitions arising from the specificities of structured products with DNT currency underlying

DNT – Currency Structure	An Erste Structured Product DNT-Currency consists of a deposit in the currency of the Amount Invested and an option on the Underlying Product, which otherwise typically have the same maturity.
Capital guarantee	If the Customer holds the product until maturity, the structure ensures that the Amount Invested is repaid at maturity.
Exchange Rate Barriers	The Exchange Rate Barriers are fixed in the contract concluded with the Customer for the purchase of this product. If the Underlying Product remains within these fixed Exchange Rate Barriers throughout the entire Monitoring Period (i.e. no Touch Event occurs), an amount equal to the value of the Bonus will be credited to the Customer's account at maturity, in addition to the amount invested.

Touch Event	A Touch Event occurs when the exchange rate of the Underlying Product reaches any of the predefined Exchange Rate Barriers at least once during the Monitoring Period. By entering into a contract to purchase this Product, the Customer expressly accepts that the determination of a Touch Event shall be based on the exchange rates applied by the manufacturer of the Product, which, due to the specific nature of the foreign exchange market, may differ from the exchange rates applied by other entities.
Monitoring Period	The period agreed with the Customer during which the price/exchange rate of the Underlying Product is monitored, i.e. during which a Touch Event may occur.
Bonus	A percentage value (360-day base) predetermined in the contract with the Customer, which will only be paid at Maturity if no Touch Event occurs during the Monitoring Period.

3. Important information about structured products with DNT–Currency underlying:

- The narrower the Price/Exchange Rate Barriers, the higher the Bonus and the higher the risk that a Touch Event will occur during the Monitoring Period.
- If a Touch Event occurs during the Monitoring Period, the Customer will only receive the amount of the invested capital back at maturity.
- The Bonus is higher the narrower the predefined Exchange Rate Range, i.e. the closer the Exchange Rate Barriers are to each other.
- The components of the DNT - Currency are affected by the exchange rate of the underlying product during the lifetime of the Product, and therefore, if a Touch Event occurs during the Monitoring Period, the option embedded in the Structure will become worthless, so that the exchange rate of the Erste Structured Product DNT - Currency will only represent the present value of the capital to be repaid.

4. Determination of the maturity value

The result of the Erste Structured Product DNT-Currency is illustrated by the following example

Investment parameters

<i>Amount Invested</i>	<i>HUF 25 million</i>
<i>Currency of the Amount Invested</i>	<i>HUF</i>
<i>Underlying Product</i>	<i>EUR/HUF</i>
<i>Term of the product</i>	<i>3 months</i>
<i>Spot price on the trade date</i>	<i>303</i>
<i>Price Boundaries</i>	<i>290 - 310</i>
<i>Bonus amount</i>	<i>7.00% p.a.</i>

A. No Touch Event:

During the Monitoring Period the rate of the underlying product did not touch either of the 290-310 Exchange Rate Barriers:

**Payout at maturity: 25,000,000 HUF (capital) + HUF 875,000*
HUF 25,875,000**

B. If there is a Touch Event:

During the Monitoring Period the rate of the underlying product once touches either of the 290-310 Exchange Rate Barriers:

Payout at maturity: HUF 25,000,000 (capital)



V. Erste Structured Product - Range Accrual (RAC) - Currency

The Erste Structured Product Range Accrual (RAC) - Currency is a form of investment that offers the opportunity to achieve an extra return above the market risk-free return if the rate of the selected underlying currency in the underlying structure of this product remains within the predefined Exchange Rate Range.

An Erste Structured Product RAC-Currency is typically a derivative instrument with a fixed maturity that is aligned with the maturity of the instruments that give the underlying structure of the product (Structure), the value of which upon maturity depends on the performance of this Structure. If you buy an Erste Structured Product RAC - Currency, you will receive the amount invested at Maturity regardless of the movements of the underlying of the Structure. In addition, you are entitled to a pro rata share of the value of the Bonus at Maturity. In each case, the value of the Bonus to be paid will depend on the number of times the Underlying Product of the Structure has remained within the predetermined Exchange Rate Range on the predetermined Monitoring Days.

1. To whom do we recommend Erste Structured Product RAC-Currency?

- Those giving preference to **capital guaranteed investments**, as **if the Erste Structured Product DNT-Currency held to maturity** the repayment of the invested capital is guaranteed.
- Those seeking **capital guaranteed investment vehicles** that offer the potential to achieve **a higher Bonus** than the market risk-free return.

2. Product parameters and definitions arising from the specificities of structured products with DNT currency underlying

RAC – Currency Structure / Structure	An Erste Structured Product RAC-Currency consists of a deposit denominated in the currency of the Amount Invested on the one hand and an option or a series of options on the Underlying Product on the other.
Capital guarantee	If the Customer holds the product until maturity, the structure ensures that the Amount Invested is repaid at maturity.
Price Boundaries	The Exchange Rate Barriers are fixed in the contract concluded with the Customer for the purchase of this product. If the Underlying Product remains within this fixed Exchange Rate Range throughout the entire Monitoring Period (i.e. it remains within the Exchange Rate Range at all Monitoring Times), an amount equal to the value of the Bonus will be credited to the Customer's account at maturity, in addition to the amount invested.
Monitoring Period	The period agreed with the Customer in which the rate of the Underlying Product will be monitored.
Monitoring frequency	Frequency expressed in days or weeks, or possibly months.

Monitoring Time	The dates corresponding to the Monitoring Frequency at which it is determined whether or not the Rate (fixing) associated with a given Underlying Product remains within the specified Range. For HUF currency crosses, the NHB exchange rates are applicable, for other currency crosses the ECB exchange rates (fixings) are applicable.
Bonus	<p>A percentage value (per annum, 360-day base) predetermined in a contract with the Customer. The Bonus value thus determined may be paid only upon the maturity of the product if the Underlying Product is staying within the predefined Range at each time corresponding to the Monitoring Frequency. If at any of the Monitoring Times the Underlying Product leaves the Exchange Rate Range, then the Bonus value will be paid on a pro rata basis at Maturity. For example: in the case of a daily monitoring frequency, the value of the Bonus to be paid at maturity:</p> $\frac{\text{Bónusz százalékos értéke} \times n_{in}}{n_{sum}}$ <p>n_{in} is the number of monitorings within the Range; n_{sum} is the total number of monitorings within the Monitoring Period.</p>

3. Important information about structured products with RAC– Currency underlying:

- The narrower the Exchange Rate Range, the higher the Bonus Value and the greater the risk that there will be a Monitoring Time when the exchange rate of the Underlying Product will not fall within the Exchange Rate Range, thereby increasing the chance that it is not the maximum Bonus Value that will be paid at Maturity.
- If the Underlying Product is outside the Exchange Rate Range at all Monitoring Times during the Monitoring Period, the Customer will only be entitled to a repayment of capital at Maturity.
- The Product (due to its structure) provides capital protection in the event of holding to Maturity.
- The number of Monitoring Times staying within the Exchange Rate Range during the maturity period affects the RAC - Currency components: the more Monitoring Times the exchange rate of the Underlying Product is within the Exchange Rate Range, ceteris paribus (all else considered being the same), the higher the rate of the Erste Structured Product RAC - Currency.

4. Determination of the payout at maturity

The result of the Erste Structured Product RAC-Currency is illustrated by the following example

Investment parameters

<i>Amount Invested</i>	<i>HUF 25 million</i>
<i>Currency of the Amount Invested</i>	<i>HUF</i>
<i>Underlying Product</i>	<i>EUR/HUF</i>
<i>Term of the product</i>	<i>1 year (360 day)</i>
<i>Spot price on the trade date</i>	<i>303</i>
<i>Price Boundaries</i>	<i>290 - 310</i>
<i>Bonus amount</i>	<i>7.00% p.a.</i>
<i>Monitoring frequency</i>	<i>Daily</i>

A) After the start the EUR/HUF exchange rate stayed above 310 for 1 year

Payout at maturity: **HUF 25,000,000** (amount invested)

B) After the start the EUR/HUF exchange rate stayed within 290 - 310 Range for 1 year save for 10 working days

Payout at maturity: **HUF 25,000,000** (amount invested)

Historical data on the movement of currency pairs

The tables below show the most volatile days for EUR/HUF and EUR/USD from November 2014 to March 2018.

<i>5 largest negative movements (current daily closing value compared to previous daily closing value) EUR/HUF</i>	
	<i>% movement</i>
15.01.2015	-1.41%
23.03.2015	-1.39%
06.11.2016	-1.37%
10.03.2015	-1.30%
15.01.2015	-1.28%

<i>5 largest negative movements (daily closing value compared to previous daily closing value) EUR/HUF</i>	
	<i>% movement</i>
14.04.2015	1.19%
01.06.2015	1.14%
15.12.2014	1.13%
22.07.2015	1.05%
23.04.2015	1.05%

<i>5 largest negative movements (daily closing value compared to previous daily closing value) EUR/USD</i>	
	<i>% movement</i>
23.06.2016	-2.57%
21.01.2015	-2.14%
21.10.2015	-2.06%
18.03.2015	-1.93%
25.08.2015	-1.80%

<i>5 largest negative movements (daily closing value compared to previous daily closing value) EUR/USD</i>	
	<i>% movement</i>
02.12.2015	2.96%
17.03.2015	2.53%
23.08.2015	2.08%
28.06.2015	2.07%
01.06.2015	2.04%

Attention!

In a DNT structure, a large daily exchange rate movement can often be followed by another large exchange rate movement. The loss/gain per capital may be several times the values in the table above, depending on the leverage

In the case of a RAC structure, the more often a significant exchange rate movement is observed for a given Underlying, the more likely it is that the exchange rate of the Underlying will move outside the predefined Range.

Tax information

The transactions in Erste Structured Products are considered to be **controlled capital market** transactions. The capital gains tax rate on income from a controlled capital market transaction is **15%**.

In respect of a controlled capital market transaction no tax is deducted or assessed by the payer, the tax will have to be self-assessed by the individual in his/her tax return for the relevant year. Losses incurred on controlled capital market transactions which qualify as such may then be set off against gains on such transactions and the result will be assessed on an annual basis for the tax year: thus, in this case, income will be deemed to be the excess of the aggregate amount of the gains on controlled capital market transactions recognised in cash in the tax year over the aggregate amount of losses from controlled capital market transactions recognised in cash in the tax year to which the individual is subject. Please remember that you are required to file a tax return on the results of these products and you are the person who must pay the tax. Our company is not required by law to assess, deduct or pay tax on these transactions.

In cases where the amount invested in a transaction is denominated in a currency other than HUF and the result of the transaction is realised in a currency other than HUF, the conversion rules under the Income Tax Act apply for the payment of tax liability. Therefore, the exchange rate applicable under the law may differ from the rate actually applied, resulting in a gain/loss different from the actual gain/loss.

From 1 January 2008, the Personal Income Tax Act provides for the possibility of tax equalisation. This means that the investor can offset his/her losses incurred in the tax year and in the two preceding tax years against his/her gains over the same period. This can also be done by reducing the gains made earlier by the losses made later and reclaiming the tax paid up to the amount of the losses.

The gains and losses can be recognised over the period of 3 tax years, i.e. for controlled capital market transactions, it can be done as follows:

Losses in earlier years can be set off against profits in later years. In addition, profits of previous years can be set off against losses of later years. The result is that the exchange gains tax on the stock exchange/controlled capital market transaction paid in the previous two years can be reclaimed up to the amount of the loss, and the remaining loss can be rolled over for 3 tax years.

Gains and losses on stock exchange transactions up to 31 December 2009 can be set off against gains/losses on controlled capital market transactions from 2010 onwards.

Structures products cannot be bought in the pension savings account (NYESZ-R).

Structured products can also be traded in a Long-Term Investment Account. For more information on the Long-Term Investment Account, its advantages and tax features, please visit our website (http://ersteinvestment.hu/hu/erste_tbsz.html).

In the case of an investment under a long-term investment contract with an investment service provider pursuant to the provisions of the Personal Income Tax Act in effect at the time of the preparation of this Product Information, the investor may apply the preferential tax rules provided for by the Act under the conditions set out in the Personal Income Tax Act.

The information is not exhaustive. Before making your decision, please check out the information in detail on the legal conditions for interest income, long-term investment accounts (TBSZ) and other taxation issues (including the case where the transaction is not concluded through an investment service provider) and consult your tax advisor as the tax conditions and the choice of a scheme for the Long-Term Investment Account can only be weighed on the basis of the investor's individual circumstances. Tax laws and their interpretation may change and Erste Befektetési Zrt. cannot be held liable for the consequences thereof.

The information contained in this document is not exhaustive and Erste Befektetési Zrt. reserves the right to make changes.

The content of this document does not constitute an investment offer, an invitation or solicitation to make an offer, investment advice or tax advice. It is intended solely to provide investors with certain specific information about the structured products to assist them in obtaining sufficient information about this form of investment prior to entering into a transaction. Further information on the structured products is also contained in our **Terms and Conditions of Business** and our notices, which are available on the website of Erste Befektetési Zrt. (www.ersteinvestment.hu).

Please contact our staff and they are happy to help you if you need further information on this product or service in addition to the above in order to make a prudent investment decision. We also ask you to carefully consider the object of your investment, its risk, its charges, the fees and charges related to the management of your account and the losses that may result from your investment before making your investment decision.

I have read and understood the terms and conditions and parameters of the product information, I accept the risks associated with the instrument, and I acknowledge that the risks in general and the individual risk factors may vary and may be extended individually.