Share transactions

Shares are securities representing ownership without maturity that are usually issued by public limited companies to raise funds. Shares may be sold in a closed or open market. Shares issued in the open market are listed on the stock exchange and thus they can be bought by a wider range of investors. Since shares are securities without maturity, the company does not redeem them, but the money invested is permanently placed at the disposal of the public company. This does not mean that investors have to give up the money they have invested for good, as they can sell the shares acquired to someone else, i.e. trade them on the stock exchange, and make a gain or loss on the exchange.

1. To whom do we recommend shares?

- Those who want to invest their money over the medium to long term, as a well-chosen share with the help of our brokers can increase the value of your investment over the long term and significantly exceed the risk-free rate;
- Those who wish to speculate in the short term on price movements without extreme risk, as no investor can suffer losses greater than the capital invested in unleveraged equity trades;
- Those who **want to optimise their tax liabilities**, as equities can be purchased in either a long-term investment account (Long-Term Investment Account) or a pension savings account (NYESZ-R) subject to the legal conditions of the relevant account type,
- Those who are also interested in investing in foreign markets.

2. Definitions

Gains/losses	If investors sell the shares at a price lower than the purchase price, they make a loss, if they sell them at a higher price, they make gains.
Stock exchange/ regulated market	A venue for the sale and purchase of various investment instruments - e.g. shares, commodities - where trading takes place within a regulated framework set by a public authority. Regulation may include, for example, the manner of settlement, duration, market opening hours, etc.
OTC market	Also called an over-the-counter or secondary market. Less regulated than an exchange. Investment firms have a direct relationship with financial institutions with whom they can make OTC (over-the-counter) equity trades.
Brokerage fee:	The fee associated with a sell/buy order, predetermined by the company and more detailed information on this can be found in the fee schedule.
Settlement	In a share sale and purchase, the debiting/crediting of securities or money to the account of the parties to the transaction. However, it is important to note that debiting/crediting does not take place at the same time as the transaction is concluded, but 1-2 or even more days later, in accordance with the settlement rules of the relevant market.

Liquidity	Liquidity indicates the turnover of the exchange product. It shows how easily an equity can be sold. High-turnover equities have high liquidity and are easy to sell, while low-turnover equities have low liquidity and are harder to sell.
Market price	Expresses the current value of a share, at which price the security can be sold or bought in the spot market.
Nominal value	The price indicated in the characteristics of the share. The amount by which the holder of the share has contributed to the company's subscribed capital. The total nominal value of the shares issued by a company is its share capital.
Limit price order	An investor places an order at a predetermined price. In the case of a buy: the maximum price he/she is willing to pay (limit price). In the case of a sale: the minimum price that the investor wishes to receive (limit price). The order may only be executed at the price specified or at a price more
Market price order	When placing an order, the investor does not specify a price, the market price order is executed at the best price currently available.
Stop order	The order is activated when the price reaches the level specified by the investor. This type of order is intended to protect the investor from significant losses on an existing open position.

3. Briefly about the shares

Most of the stock exchange trades are in **ordinary shares**. When you buy an ordinary share, **you acquire an ownership interest in the company**, which gives you the following rights:

- **the right to dividends**: to a certain share of the company's profits for the year. This share is always determined at the annual general meeting, in accordance with the company's dividends policy;
- **right to a liquidation share**: in the event of the company's dissolution without legal succession (e.g. bankruptcy or liquidation), we are entitled to the company's assets in proportion to the shares held (only up to the amount of the capital investment).

In addition, the shareholder may attend the general meeting of the company, make comments, ask for information, vote or propose motions. The minimum condition for the exercise of shareholder rights is that the investor must own the shares on a specific date, the so-called "record date", before the relevant corporate event.

In addition to ordinary shares, another type of class based on membership rights is preference shares. A holder of preference shares, as suggested by their name, has a preference over a holder of ordinary shares in some respect, such as dividend preference, liquidation preference, voting or pre-emptive preference, etc.

In addition to all securities tradable on the Budapest Stock Exchange, our Company also offers its customers the possibility to trade on foreign markets.

- Our main market is the **Budapest Stock Exchange**;
- Erste Group is directly connected to the stock exchanges in Frankfurt, Vienna, Prague, Warsaw, Istanbul;
- you can also place orders with our brokers for shares traded on all other major European markets;
- you can also trade in US shares and obtain information from our brokers during the full opening hours of the US markets;

- in addition securities of companies in the Eastern region, which is attracting increasing investor attention, are available.

4. Risk factors

Equity-type investments typically carry significant risk, the price of the financial instrument can fluctuate significantly, even over shorter periods of time, but save exceptional market events, investors typically do not lose the full value of their investment.

- **equity specific risk**: the risk specific to a particular share arising from the operation or activities of a company - for example, certain corporate events such as share buybacks, etc;
- **risk arising from the political, economic and regulatory environment**: the prices of shares may be significantly affected by the effects of the political and economic environment. Such factors include: inflation, the regulatory environment, tax changes, etc.;
- **issuer risk**: the issuer risk is the risk of the issuer of the securities. The value of the securities or the settlement of claims on the securities depends on the management and the liquidity and financial position of the issuer. In the event of bankruptcy, the shares rank after the creditors (bondholders) in the order of satisfaction (this may be different for certain special shares - e.g. preference shares)
- **exchange risk**: in the event that the currency of the share is different from the currency of the amount invested, the value of the investment and the extent of the gain/loss may be affected by the movement in the exchange rate;
- **low liquidity risk**: shares with low turnover - low liquidity may be difficult to sell, which may as well be the case with shares with high turnover in the midst of adverse market events;
- **loss of capital**: the capital invested may suffer a significant loss of value as a result of a fall in the market price of the share - ; you may as well lose the entire amount invested, the product is not capital-guaranteed. The market price of a share is influenced by market participants' expectations of the components of the share's value (future cash flows, risk-free rate of return, expectations related to the interest rate environment);

Exchange Traded Funds (ETF)

Exchange Traded Funds

An Exchange Traded Fund (hereinafter ETF) is an open-ended exchange traded fund whose investment objective is to track the price movements of a predetermined product/index (with the exception of Alternative ETFs, see below). A hybrid product that has the characteristics of both a mutual fund and an equity-like instrument. An investment option covering a broad spectrum of the investment world, not only with a wide range of underlying products (equities, corporate bonds, commodities, etc.), but also with the ability to easily implement a number of investment strategies (leveraged, inverse ETFs).

1. Who are ETFs recommended to?

- those looking for continuously priced investment opportunities, as the composition of ETFs is published daily, allowing investors to monitor and compare the ETF's stock market price and the fair value of the underlying portfolio. In addition, ETFs are continuously quoted.
- investors looking for a cost-effective solution for more exotic investments, such as emerging market bonds or commodity market investments.
- investors looking for a cost-effective way to invest. ETFs have lower management fees than traditional mutual funds.
- those who are looking for an appropriately liquid market instrument for the short term, to take advantage of a market situation/expectation. Many ETFs are sought by investors for short-term, speculative purposes, but of course it is not uncommon for them to stand for longer-term investment solutions.
- those who expect the market to fall and are looking for an exchange-traded, unleveraged product to implement their investment strategy: inverse ETFs, where there is no need to borrow short-sold products.
- those looking to invest with leverage: leveraged ETFs.

2. Definitions

Trading venue	Regulated stock exchanges.
Exchange Traded Price	As an exchange traded product, the price quoted on the stock exchange is determined by the supply and demand side.
Net Asset Value (NAV)	The underlying Net Asset Value (NAV) of the fund is published simultaneously with the price quoted on the stock exchange. If there is a discrepancy between the price quoted on the stock exchange and the underlying NAV, this represents an arbitrage opportunity. As institutional investors are quick to exploit these arbitrage opportunities, it is not common for such arbitrage opportunities to remain in place for long, but there may be a difference for a short time when the market is extreme: maybe to a significant extent!
Investment policy	To follow the price movements of a specific index, commodity or instrument. The exceptions to this are Alternative ETFs, which aim to achieve absolute returns (see below).
Underlying products	In order to implement its investment policy, the investment portfolio may include: equities, commodities (and/or derivatives on commodities), bonds (and/or derivatives on bonds), foreign exchange (and/or derivatives on foreign exchange), etc.
Types	Long ETF: the most common and best-known type of unleveraged ETF. Inverse ETF: pays the inverse of the performance of the underlying products. In other words, they make a loss in a rising market and a positive return in a

	falling market. The inverse payout is inherent to the way the product works, it can be a “bet” on a market fall without the Customer having to comply with the short selling rules (i.e. no need to borrow the underlying product). Leveraged ETF: multiplies the performance of the underlying product by the amount of leverage. The leverage is inherent in the product’s operation, no additional investment borrowing is required. Leveraged inverse ETF: leveraged inverse performance multiplied by leverage. Alternative ETF: ETFs that implement a predefined investment strategy. For example: The S&P 500 Low Volatility Portfolio ETF contains the 100 stocks with the lowest volatility in the S&P500 index. There are even ETFs with hedge fund-like investment policies (e.g. long-short investments, M&A arbitrage) Importantly, in the case of leveraged, inverse leveraged ETFs, the Customer can never lose more than the capital invested.
Maturity	Maturity-free, open-ended investment funds.
Types of orders	You can give the same types of orders as for equities.
Types of expenses	Management fee, transaction costs, bid-ask spread. The management fee is more pronounced for those considering longer-term ETF investments, while transaction costs and bid-ask spreads have the greatest impact on the returns available to investors who may transact more than once in the short term.

3. Introduction to ETF categories

The most common ETF categories are briefly presented below, highlighting some of the specific features that should be kept in mind when trading ETFs. Leveraged ETFs, alternative ETFs and VIX ETFs are specifically dealt with at the end of the list.

Equity ETF

Covers a very broad and diverse spectrum. Their underlying product can be a global equity index, a country equity index or even a sector index. Furthermore, there are ETFs based on market capitalisation, i.e. some ETFs aim to track the performance of high/medium/low capitalisation stocks only and construct their investment portfolio accordingly. However, a “growth” or “value” based investment approach may also play a role in determining investment policy. In “value” based investment, the investor seeks shares whose market value is lower than their fair value. In “growth” based investment, the investor looks for shares with attractive future prospects.

It is important to note that equity index ETFs do not always follow the performance of the underlying index exactly. Their performance is significantly affected by the way in which the underlying index is tracked by the ETF, for example, the performance of an ETF that attempts to track an equity index of hundreds of illiquid stocks (iShares MSCI Emerging Markets ETF) is heavily influenced by the number of shares in the underlying index, as holding and re-weighting all the shares in the index significantly increases the cost of the ETF.

Bond ETF

Bond ETFs cover a very broad range of products, depending on the index or bond portfolio they try to track with the given product. Individual Bond ETFs may differ in terms of the bonds in their underlying portfolio: geographical classification, currency of quotation, issuer classification, sector classification. Since bond trading is typically OTC, some ETFs may have a large number of illiquid bonds in their underlying portfolio, which may cause the ETF price to deviate from its net asset value for a longer period of time (see point 6). Another interesting feature is that some corporate bond indices include bonds according to their currency. Thus, a US Bond Index may include USD-denominated bonds not only issued by US companies, but also by emerging market companies, which may carry different (typically higher) issuer risk.

Commodity ETF

Commodity ETFs typically do not invest in the underlying spot market, but try to track the price movements of the commodity specified in the investment policy through exchange related futures (with one or two exceptions where the underlying product is the physical commodity itself). In this way, the performance of commodity ETFs can differ significantly from the spot market performance of the commodity in question. This is because the futures in commodity ETFs are rolled over before expiry, i.e. a futures position approaching expiry is closed by taking an opposite futures position and a new futures position is taken. The result of this rolling significantly affects the performance of the ETF. The outcome of the roll depends largely on the term structure of the futures prices in the futures market for the commodity in question. It is called a **contango** when a futures price is higher than the spot price expected at the futures expiration or when the price of a longer-maturity futures product is higher than that of a shorter-maturity futures product (upward sloping futures curve). **Backwardation** is when a given futures price is lower than the expected spot rate or a futures price with a longer maturity is lower than a futures price with a shorter maturity (downward sloping futures curve). In order to avoid arbitrage opportunities in the futures and spot markets, the futures price must converge to the spot price as it approaches maturity, i.e. the futures price will fall in the case of contango and rise in the case of backwardation. If the spot price does not rise when approaching expiration, the futures price will fall in the case of **contango** and the result of rolling a long position will be negative (the futures sale to close the position will be at a lower price than the purchase). If the spot price does rise significantly, the result of the rolling may be positive, but then we have to take into account that the next futures position can only be bought at a higher price (i.e. fewer futures positions can be taken in the end), which has a negative impact on the ETF's performance. In the case of **backwardation**, if the spot price remains unchanged, the futures price will rise as the expiry date approaches. Then, when rolling, the sell required to close the position will be at a higher price than the buy required to roll, so rolling a long position will have a positive result. The performance of a Commodity ETF may also be affected by the number of times it has been rolled over a given investment horizon, i.e. the maturities of the underlying futures positions: futures positions with shorter maturity may roll more often, thus more often giving rise to a backwardation or contango effect. In commodity markets, both contango and backwardation can be observed.

Currency ETF

The underlying product of a Currency ETF can be a specific currency or a basket of currencies. Depending on the structure of the ETF, there are some Currency ETFs that invest in the spot market, some that use futures positions and some that use a full range of derivative products (swaps, futures, options) to try to track the performance of the currency or basket of currencies in question. The characteristics of a particular Currency ETF are defined in the prospectus of the ETF concerned.

Alternative ETF

These ETFs do not attempt to track the price movements of an index or product, but aim to achieve an absolute return (positive return above the risk-free return independent of market movements) through active portfolio management. A variety of absolute return strategies are implemented: global investments, long-short strategies, combination of different derivative strategies. Alternative ETFs typically have higher expenses than their simple equity index tracking counterparts, for example, but still have a lower expense ratio than absolute return mutual funds.

Leveraged ETFs

Their investment policy is to multiply the performance of a **given daily** index. Therefore, Customers who hold these ETFs in their portfolio for more than one day in a volatile market may experience very different or even opposite performance to the performance of the underlying Index. That is, in addition to the positive performance of the underlying product, the ETF may have a negative performance. This is because the ETFs performance is calculated by taking the daily performances increased with the leverage and chaining them together over the period under consideration, whereas the performance of the underlying product is calculated by taking the values at the beginning and end of the period. This negative performance may be magnified by the behaviour of the underlying market (contango, backwardation, see Commodity ETF). For this type of ETF, it is recommended that the Customer should be adequately familiar with the details of the ETF structure from the ETF prospectus.

VIX ETF

The VIX represents expectations of short-term market volatility as determined from liquid options quotes on the S&P500 index. The underlying products of the VIX ETF are futures products on VIX and as such their performance is significantly affected by the maturity structure of the futures products. When the S&P500 has normal or low volatility, the VIX futures curve is upward sloping (contango, futures price higher than spot price). During periods of higher volatility, the VIX futures market shows backwardation (futures price lower than spot price). When rolling VIX futures, the Customer should reckon with the phenomena described for commodity ETFs.

4. Risk factors

- One of the main advantages of ETFs, that they provide access to a wide range of markets and segments, carries one of the main risks, namely that without a thorough knowledge of the ETF's product and operating rules, ETF investing can be very risky.
- Customers need to know the ETF's investment policy, i.e. what underlying products are included in their portfolio, e.g. how an ETF tracks a commodity price or even a country index. As we have shown, many ETFs include futures or even options positions. Depending on the market situation, the performance of these products may even differ significantly from the performance of the product the ETF is intended to track, and the extent of the difference is magnified by leveraged ETFs, leveraged inverse ETFs. See description of commodity ETFs.
- It is important that the Customer has sufficient knowledge of how each ETF **works**. Particular attention should be paid to leveraged, inverse, inverse and leveraged and Alternative ETFs. It is important to note that leverage always amplifies market movements and can even lead to a rapid loss of invested capital in the event of volatile market movements.
- ETFs **do not always track the performance of the underlying products perfectly**. The extent of this difference depends largely on the costs charged by the given fund, market volatility and liquidity (the bid-ask spread the fund manager has to pay) and on what underlying products are included in the ETF's investment portfolio.
- Higher volatility is observed for ETFs with a lower number of underlying products. In this case, the concentration of individual elements is high and their price movements has a strong impact on the ETF's performance. However, the nature of the underlying product also has a strong impact on the price volatility of the ETF. For example, VIX ETFs have a rather high volatility.

5. Primary and secondary market

Primary market participants are the Fund Manager that creates and manages the ETF and Institutional Investors. In each case, the Fund Manager determines the minimum amount of underlying product for which the Fund Manager will create new ETF units. These minimum amounts shall be of a size that can only be met by Institutional Investors. For example, in the case of an equity index, the Institutional Investor will buy shares in the ETF in the market according to the composition of the ETF (the composition must be published daily by the Fund Manager). The Fund Manager gives these shares to the Fund, which in return issues new ETF units to it.

Secondary market trading takes place within a regulated exchange, where retail clients also trade.

6. **Price quotation**

- a continuous quotation is provided: the difference between the bid and ask prices is the same as for any other exchange-traded product.
- the ETF Fund Manager publishes the net asset value (NAV) of the fund at the end of each day;
- there are markets where the ETF manager is also required to publish intraday NAVs.

7. **Factors affecting the price of ETFs**

- supply and demand on the stock exchange.
- the price of an ETF typically fluctuates around its net asset value, otherwise arbitrage (risk-free profit) is possible. Only institutional investors can take advantage of this arbitrage opportunity. For example, when the net asset value of an equity ETF is lower than the ETF's quoted market price, the institutional investor buys the underlying shares on the stock exchange, in exchange for them it receives newly issued ETFs from the ETF's Fund Manager and sells these ETFs at a price higher than the ETF's fair market value. The purchase of the underlying basket of shares by the Institutional Investor has a positive effect on the price of the underlying shares, while the sale of ETFs has a negative effect on the price of the ETFs. In this way, it is ensured that the ETFs' quoted market price typically remains around the net asset value. The exception to this is ETFs whose underlying products are illiquid or difficult to obtain. In these cases, the quotation on the stock exchange may move away from the net asset value for an extended period of time.
- market volatility of the underlying products: higher volatility means a wider bid-ask spread.
- individual underlying products have specific behaviour in different market situations. An example is ETFs tracking commodities and the VIX index: depending on the term structure of the futures market's quotes, the ETF's performance may vary (see Commodity and VIX ETFs)
- there are ETFs with OTC derivative products as underlying products (e.g. swaps) and these carry the default risk of the OTC counterparty (with whom the ETF has entered into the OTC derivative product) as additional risk.
- the costs charged to the ETF, as these costs are always incorporated in the price of the ETF.

8. Important information

ETFs are rather diverse and the risks they carry can vary widely, so you are advised to read the Final Terms of the relevant ETF carefully before buying.

Other exchange traded products

Compensation notes

A compensation note is a special type of security representing a claim against the State, i.e. the issuer of compensation notes is the State. Its basic purpose is to provide partial compensation to citizens who lost their property during nationalisations.

The nominal value of the compensation note is the value appearing on the face of the compensation note (the amount written on it) and its accrued interest. It was a special interest-bearing security, with an interest rate equivalent to 75% of the central bank rate, but valid only from 10 August 1991 to 31 December 1994.

Holding compensation notes entitles the holder to:

- to acquire land ownership.
- to acquire assets and properties sold during the privatization of state assets, such as shares, business quotas.
- to purchase housing owned by the municipality.
- at the request of the beneficiary, payment of an annuity in the frames of social welfare services.
- under the law on survivors' loans, it can be treated as a contribution of own resources in an amount equivalent to their nominal value in the course of a loan application.

Secondary security

A secondary security is a security issued by a depositary which behaves like a share, i.e. it can be traded and has the same rights as a share, including voting and dividend rights.

There are two types, GDRs (Global Depositary Receipt) and ADRs (American Depositary Receipt), which can be translated into global and American depositary receipts respectively. By introducing these, a company can make its shares available to international investors on foreign stock exchanges.
GDRs and ADRs have exactly the same characteristics, except that the term ADR refers to foreign shares listed on US stock exchanges, while GDRs refer to shares from foreign stock exchanges listed on other stock exchanges around the world.

If a company wants its shares to be available on another stock exchange, it makes an agreement with a bank to buy a portion of the shares, which are bundled and listed on the foreign stock exchange. What is meant by bundling is that it is not certain that 1 GDR will be equal to 1 share. It is possible that 1 GDR may contain 5, 10, i.e. any number of shares.

The current trend shows that GDRs and ADRs are being pushed into the background, given the increasing openness of various brokerage firms to foreign stock exchanges.

Before making any investment decision, you should consider whether the investment suits your longer-term plans and investment objectives and that you have assessed and understood the potential risks and characteristics of the investment and that you find them acceptable.

Tax information

The stock exchange transactions 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.

Controlled capital market transactions are taxed in the same way, regardless of whether they are carried out on a Hungarian stock exchange, in HUF or in foreign currency on a foreign exchange. In all cases, the income realised must be declared in HUF in the tax return. The conversion of profits into HUF must be carried out on the basis of the official NBH exchange rates for each leg of the transaction on the settlement date.

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.

The tax on dividend income is determined, declared and paid by the payer at the time of dividend payment - including a credit institution or investment service provider domiciled in Hungary if it pays an individual (by crediting) dividends (interim dividends) from abroad in respect of a security deposited in a securities account held with it - in accordance with Section 66 of the Act on Personal Income Tax.
In the absence of a payer, the tax is assessed by the individual in a return prepared without the assistance of the tax authority and paid by the deadline for filing the return.
The interim dividends and the tax on it must be shown as an indicative figure in the tax return for the year of payment, and the dividends paid and the tax deducted and paid must be declared in the tax return for the year in which the financial report on the establishment of the dividends is approved, taking into account any tax deducted and paid on the interim dividends as tax deducted.

Dividends from abroad: Erste Befektetési Zrt. as the account manager will issue a certificate to its customers after the end of the tax year on the tax deductions from foreign dividends paid during the tax year on securities registered in the customer's account, for which Erste Befektetési Zrt. acted as the paying agent. The dividends from abroad and the tax already deducted must be declared by the individual in his/her tax return and must be declared in accordance with the provisions of the Personal Income Tax Act. If, in addition to the tax deducted, the individual may also be liable to pay additional tax under Section 66 of the Personal Income Tax Act, he/she must declare and pay it.
Dividends, yields, interest and other benefits paid in cash on foreign securities are paid to the Customer, as a rule, on a net basis, in accordance with the relevant Rules of KELER Zrt. For the calculation of the net amount, the foreign account manager uses the highest tax rate according to the general current practice, thus the amount less the tax calculated according to this tax rate is paid to the Customer. The Company shall have no duty or responsibility to deduct and reclaim the excess tax.
Please note that foreign custodians do not take Hungarian tax rules into account, therefore it may happen that tax is deducted in excess of the tax rate prescribed by Hungarian law, or that dividend tax is charged on securities deposited in a Long-Term Investment Accounts.
Only the customer may initiate a claim for the refund of tax in excess of the tax rate provided for under Hungarian law with the issuer or the tax office of the country where the tax deduction was made. Erste Befektetési Zrt. is not entitled to reclaim the tax and therefore cannot provide any assistance in this regard. In such cases, please contact a tax advisor.
In addition, please note that dividends income from shares that are not listed on a stock exchange in any EEA Member State is subject to additional Social Welfare Contribution Tax.

Shares can also be traded in the **pension savings account (NYESZ-R)**. For more information on the pension savings account scheme, its advantages and tax features, please visit our website (http://ersteinvestment.hu/hu/erste_nyugdijelotakarekossagi_szamla.html).

Shares 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 Investment Loan to assist them in obtaining sufficient information about this form of investment prior to entering into a transaction. Further information on the Investment Loan 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.