

## Resolutions made at OTP Bank's AGM

OTP Bank Plc. announces that at its Annual General Meeting of 13 April 2022 the following resolutions were made:

### **RESOLUTION No. 1/2022**

*The Annual General Meeting accepts the Board of Directors' report on the Company's financial activity for the year ended 2021, furthermore with full knowledge of the Independent Auditor's Report, the Audit Committee's Report and the Supervisory Board's report, it accepts the proposal on the Company's separate financial statements and the consolidated financial statements in accordance with the International Financial Reporting Standards for the year ended 2021, and the proposal for the allocation of the after-tax profit of the parent company.*

*The Annual General Meeting determines the statement of financial position for the year ended 2021 with total assets of HUF 13,710,471 million and with net profit for the period of HUF 125,339 million. The net profit for the period is allocated as follows: the general reserve must be increased by HUF 12,534 million, HUF 120,248 million shall be paid as dividend from the net profit for the period of which the amount for 2019 and 2020 is HUF 119,248 million and the amount for 2021 is HUF 1,000 million.*

*The dividend per share is HUF 425.89 for the 2019 and 2020 and HUF 3.57 for 2021, in total HUF 429.46, compared to the face value of shares it's 429.46%. The actual rate of dividend paid to shareholders is calculated and paid based on the Articles of Association, so the Company distributes the dividends for its own shares among the shareholders who are entitled for dividends. The dividends shall be paid from 30 May 2022 in accordance with the policy determined in the Articles of Association.*

*The Annual General Meeting determines the Company's consolidated balance sheet with total assets of HUF 27,553,384 million, and with net profit continuing operations of HUF 456,312 million. The profit of continuing operations for shareholders is HUF 455,476 million. Net income from discontinued operations is HUF 116 million, and net income from continuing and discontinuing operations is HUF 456,428 million.*

**FOR: 158,088,155 (98.66%)**

**AGAINST: 322,337**

**ABSTAIN: 1,809,436**

### **RESOLUTION No. 2/2022**

*The Annual General Meeting approves OTP Bank Plc.'s 2021 Report on Corporate Governance.*

**FOR: 160,165,600 (99.96%)**

**AGAINST: 152**

**ABSTAIN: 4,600**

### **RESOLUTION No. 3/2022**

*The Annual General Meeting, based on the request of the Board of Directors of the Company, has evaluated the activities of the executive officers in the 2021 business year and certifies that the executive officers gave priority to the interests of the Company when performing their activities during the business year, therefore, grants the discharge of liability determining the appropriateness of the management activities of the executive officers in the business year 2021.*

**FOR: 155,662,131 (97.99%)**

**AGAINST: 1,245,834**

**ABSTAIN: 1,893,235**

### **RESOLUTION No. 4/2022**

*Concerning the audit of OTP Bank Plc.'s separate and consolidated annual financial statements in accordance with International Financial Reporting Standards for the year 2022, the Annual General Meeting is electing Ernst & Young Ltd. (001165, H-1132 Budapest, Váci út 20.) as the Company's auditor from 1 May 2022 until 30 April 2023.*

*The Annual General Meeting approves the nomination of Zsuzsanna Nagyváradiné Szépfalvi (No. 005313 chartered auditor) as the person responsible for auditing. In case any circumstance should arise which ultimately precludes the activities of Zsuzsanna Nagyváradiné Szépfalvi as appointed auditor in this capacity, the Annual General Meeting proposes the appointment of Zsolt Kónya (No. 007383 chartered auditor) to be the individual in charge of auditing.*

*The Annual General Meeting establishes the total amount of HUF 279,990,000 + VAT as the Auditor's remuneration for the audit of the separate and consolidated annual financial statements for the year 2022, prepared in accordance with International Financial Reporting Standards. Out of total remuneration, HUF 164,700,000 + VAT shall be paid in consideration of the audit of the separate annual accounts and HUF 115,290,000 + VAT shall be the fee payable for the audit of the consolidated annual accounts.*

**FOR: 159,202,254 (99.36%)**

**AGAINST: 958,384**

**ABSTAIN: 53,888**

### **RESOLUTION No. 5/1/2022**

*The Annual General Meeting decides to amend the Articles of Association by way of a single resolution in accordance with the proposal of the Board of Directors.*

**FOR: 160,161,240 (99.96%)**

**AGAINST: 53,968**

**ABSTAIN: 4,605**

### **RESOLUTION No. 5/2/2022**

*The Annual General Meeting approves the amendment of Article 8 Sections 18, Article 8 Section 33 Subsection 23 and Article 15 Section 1 of the Articles of Association in accordance with the proposal of the Board of Directors, as per the annex to the minutes of the Annual General Meeting.*

**FOR: 160,035,393 (99.88%)**

**AGAINST: 33,517**

**ABSTAIN: 146,377**

## **RESOLUTION No. 6/2022**

*The Annual General Meeting in line with the annex of the resolution, on a consultative basis, approves the group-level remuneration guidelines of OTP Bank Plc. and requests the Supervisory Board of the Company to define the rules of the Banking Group's remuneration policy in detail, in line with the group-level remuneration guidelines.*

**FOR: 101,203,601 (63.16%)**

**AGAINST: 51,389,084**

**ABSTAIN: 7,619,501**

## **RESOLUTION No.7/2022**

*The Annual General Meeting does not modify the honorarium of the members of the Board of Directors and the members of the Supervisory Board as determined in resolution No. 9/2016 of the Annual General Meeting and resolution No. 97/2021 of the Board of Directors acting on behalf of the General Meeting. The members of the Audit Committee are not to receive any remuneration.*

**FOR: 158,519,129 (99.79%)**

**AGAINST: 290,546**

**ABSTAIN: 41,011**

## **RESOLUTION No.8/2022**

*The Annual General Meeting, based on Subsection 1 of Section 3:223 of Act V of 2013 on the Civil Code, hereby authorizes the Board of Directors of OTP Bank Plc. (hereinafter referred to as "Company") to acquire own shares of the Company especially for the purpose of supplying the shares necessary for the management incentives system that is in operation at the Company, developing and maintaining the services provided to customers, and executing transactions related to optimization of the Company's capital.*

*The Board of Directors is authorized to acquire a maximum of as many ordinary shares issued by the Company with a nominal value of HUF 100 that is one hundred forints, as ensures that the portfolio of own shares, in respect of the measure stipulated in the relevant permissions of the Magyar Nemzeti Bank, does not exceed 70,000,000 shares at any moment in time.*

*Should the acquisition of own shares take place in a reciprocal transaction, then the consideration applied in such transaction may be a minimum of the share's nominal value, and a maximum of 150% of the highest price recorded on the Budapest Stock Exchange on the day preceding conclusion of the transaction, or, in the case of a stock-exchange transaction, 120% of the closing price recorded on the Budapest Stock Exchange on the day preceding conclusion of the transaction. The Board of Directors may exercise its rights set forth in this mandate until 13 October 2023. The mandate set forth in the decision of the Board of Directors acting in the competency of the Annual General Meeting resolution no. 94/2021 shall lose its effect upon the passing of this resolution.*

**FOR: 121,273,102 (75.69%)**

**AGAINST: 38,864,409**

**ABSTAIN: 77,653**

OTP Bank Plc.

OTP Bank Plc.

Postal address: P.O.B.: 501 Budapest H-1876 Hungary

Phone: +36 1 473 5460

E-mail: [investor.relations@otpbank.hu](mailto:investor.relations@otpbank.hu)

Internet: [www.otpbank.hu](http://www.otpbank.hu)

## Corporate Governance Report

### Introduction

OTP Bank Plc. (hereinafter: OTP Bank, Bank or Company) regards the development and maintenance of an **advanced corporate governance system** that conforms to local and international standards as being of primary importance. A reliable governance system, accurate financial planning, responsible management and the appropriate control mechanisms provide a stable basis for efficient and profitable operation.

To this end, the Bank is continuously reviewing and developing its corporate governance practices.

Our corporate governance practice is an important means of ensuring the **fulfilment of our strategic objectives**. Accordingly, within the effective statutory frameworks, we have developed a corporate governance system that simultaneously ensures the confidence and satisfaction of our customers, growth in shareholder value, and our socially responsible corporate conduct. There is no perfect, universally applicable corporate governance solution through which every goal can be achieved as efficiently as possible. For this reason we continuously monitor our governance practices, identifying any deficiencies arising as the result of external and internal changes, and effect those modifications that best serve the fulfilment of our objectives.

The resulting governance structure, optimised to suit our objectives, takes into account the special characteristics of our operations as well as the statutory, supervisory and stock-market requirements that apply to the Bank, while also endeavouring to comply with the related Budapest Stock Exchange (hereinafter: BSE) guidelines. The purpose of the BSE's corporate governance guidelines is for the governance and operating structures of stock exchange-listed companies to be **transparent and comparable** based on a uniform set of criteria. This enables investors, taking into consideration the special characteristics of a given company's operations, the complexity of its activities, and the statutory requirements related to its risk management and financial reporting, to make a well-founded judgement regarding the extent to which the given corporate governance practice ensures reliable and profitable operation.

Like all organisations that provide financial and investment services, the operations of the Bank are, to a high degree, regulated in statutory provisions. As a consequence, not only certain business activities, but our operations as a whole are regulated in detail and monitored by the authorities on a continuous basis. The individual internal control functions (risk management, compliance, and internal audit) have to conform to strict standards, and their effectiveness must be attested not only within the internal corporate governance system, but also to the satisfaction of the external supervisory authorities. All these factors guarantee purposeful, comprehensive and verified risk management procedures, as well as reliable and appropriately supervised data reporting. Therefore, our status as a financial and investment service provider requires us to implement complex and effective corporate governance practices that simultaneously ensure **responsible conduct towards clients and shareholders, reliable operation, and long-term profitability**.

## **1.) Statement on Corporate Governance Practice**

The Bank's operation fully complies with the provisions of the relevant statutory regulations, the decrees of the supervisory authorities and the regulations of the BSE. The structure and operating conditions of the Company are contained in the Articles of Association, which are approved by the General Meeting.

### **1.1. General meeting**

The supreme body of the Bank shall be the General Meeting consisting of the shareholders. The Articles of Association regulate the manner of convocation and operation of the General Meeting, the manner of participation, and of the exercise of voting rights.

The General Meeting shall be convened at least once annually by the Board of Directors.

### **1.2. Management bodies**

#### **1.2.1. Board of Directors**

The Company's management body is the Board of Directors. The liability of the Board of Directors extends to the operation of the entire Company, as part of which the Board's main tasks include the approval of the Company's strategy, annual report, major organisational restructurings and policies, as well as making other significant company law-related decisions. In its objectives and activities, particular emphasis is placed on increasing shareholder value, profitability and efficiency, and on managing risks and complying fully with external requirements – in other words on ensuring the most effective enforcement of business, ethical and internal control policies.

The scope of its authority is defined in the effective statutory provisions, the Company's Articles of Association, General Meeting resolutions, and the Organisational and Operational Regulations. Its rules of procedure include the legal status and composition of the Board of Directors, as well as the regulations applicable to its operation and decision making.

All the obligations and prohibitions specified for executive officers under Act CCXXXVII of 2013 on Credit Institutions and Financial Enterprises (Credit Institutions Act) apply to the members of the Board of Directors.

The Board of Directors has an executive role in the governance of the Bank, and this is reflected in its members' remuneration, an important element of which is the share-based honorarium, which serves to harmonise the interests of the board with those of the shareholders.

It oversees the Company's operative management through the Chairman & CEO. The Chairman & CEO is authorised to decide in all matters that do not, pursuant to the Articles of Association, fall within the scope of authority of the General Meeting or the Board of Directors. The employer's rights related to the executive officers of the Company are in general exercised by the Board of Directors as a corporate body, with the proviso that in the case of the deputy CEOs, employer's rights are exercised through the Chairman & CEO, and the prior notification of the Board of Directors is required for their appointment and for the withdrawal of their appointment.

In view of the fact that the Board of Directors also has an important role to play in supervising the work of the management, it is important that **the principle of a majority of external (non-executive) members is applied in respect of the Board of Directors** (4 executive members, 7 non-executive members). The composition of the Board of Directors ensures that professional expertise, experience, and a degree of impartiality that goes beyond the above-mentioned independence requirement, are brought to bear in equal measure in the decision-making processes.

The Board of Directors is an executive body elected by the General Meeting of the Bank. The Board of Directors shall be entitled and obliged to make all decisions which are not within the competence of the General Meeting, the Supervisory Board or the Audit Committee as defined by law, the Articles of Association, or a resolution of the General Meeting.

### **Members of the Board of Directors of OTP Bank Plc.:**

The members of the Board of Directors are elected by the General Meeting for a term of five years. In 2021, the mandate of the Board of Directors expired and the Board of Directors, acting within the powers of the General Meeting, elected a new Board of Directors on 16 April 2021.

<b>Members of the Board of Directors</b>		<b>Beginning of Board Directors membership</b>	<b>Beginning of mandate</b>	<b>End of mandate</b>	<b>Non-executive/executive member</b>
<b>Chairman</b>	Dr. Sándor Csányi	15 March 1992	2021	2026	Executive member
<b>Deputy Chairman</b>	Tamás György Erdei	27 April 2012	2021	2026	Non-executive member
<b>Members</b>	Mihály Baumstark	29 April 1999	2021	2026	Non-executive member
	Dr. Tibor Bíró*	15 May 1992	2016	2021	Non-executive member
	Dr. István Gresa	27 April 2012	2021	2026	Non-executive member
	Antal György Kovács	15 April 2016	2021	2026	Executive member
	Dr. Antal Pongrácz*	26 April 2002	2016	2021	Non-executive member
	Dr. László Utassy*	25 April 2001	2016	2021	Non-executive member
	Dr. József Vörös	15 May 1992	2021	2026	Non-executive member
	László Wolf	15 April 2016	2021	2026	Executive member
	Gabriella Balogh	16 April 2021	2021	2026	Non-executive member
	Péter Csányi	16 April 2021	2021	2026	Executive member
	György Nagy	16 April 2021	2021	2026	Non-executive member
	Dr. Márton Gellért Vági	16 April 2021	2021	2026	Non-executive member

\*mandate not renewed

### **Executive members:**

#### **Dr. Sándor Csányi Chairman of the BoD Chairman & CEO**

He graduated from the College of Finance and Accounting in 1974 with a bachelor's degree in business administration and in 1980 from the Karl Marx University of Economic Sciences (now: Corvinus University) with a master in economics and finance, where he also obtained his doctorate in finance between 1981-1983. He is a chartered auditor – certified in 1982 at

the Ministry of Finance. After graduation he worked at the Tax Revenue Directorate and then at the Secretariat (Bank Supervision Section) of the Ministry of Finance. Between 1983 and 1986, he was a departmental head at the Ministry of Agriculture and Food Industry. From 1986 to 1989 he worked as a senior head of department at Hungarian Credit Bank (MHB). He was Deputy CEO of K&H Bank from 1989 to 1992.

He has been the Chairman & CEO of OTP Bank Plc. since 1992.

He is Vice Chairman of the Board of Directors of MOL Plc. and Co-Chairman of the Chinese-Hungarian Business Council.

He is one of the largest investors in agriculture and food industry in the CEE region through Bonafarm Group and KITE generating aggregated annual revenue of EUR 2 billion with over 9.000 employees and with 40.000 hectares cultivated land in total. Bonafarm Group is vertically integrated whereby agriculture companies produce the raw materials for food processors. He has significant investments in real estate through his minority holding in Gránit Pólus and Limedale (portfolio of USD 1 bn), in VC (Bonitás Venture Capital Fund) and asset management (CSAM in Singapore).

He has been the President of the Hungarian Football Association (MLSZ) since 2010, and a member of the UEFA Executive Committee since March 2015; and the Vice President of the UEFA Executive Committee since 2019. Since 2017 he has been a member of the FIFA Council and the Vice President of the FIFA Council since 2018. Within UEFA he is also the Chairman of the UEFA National Team Competition Committee, a member of the UEFA Finance Committee and the UEFA Professional Football Strategy Council.

He has been the owner of Pick Szeged Handball Club since 2011. He has been the Honorary Vice President of the International Judo Federation since 2008.

Since 1995 he has been the Vice President of the Board of Trustees of the International Children's Safety Service, and since 2003 he has been the Chairman of the Board of Trustees of the Prima Primiissima Foundation. In 2005, he established the Csányi Foundation for Children from his own assets. Since 2009, he has been a member of the Board of Trustees of the Media Union for Social Awareness Formation Foundations. Since 2020, he has been the Chairman of the Board of Trustees of the Pro Sopron University Foundation. In 2021, he became Chairman of the Board of Trustees of the Foundation for the Hungarian Agricultural and Life Sciences University (MATE).

As of 31 December 2021 he held 293,907 ordinary OTP shares (while the total number of OTP shares held by him directly and indirectly was 4,080,034).

**Péter Csányi**  
**member of the BoD**  
**Deputy CEO**  
**Digital Division**

He graduated from City University London in 2006 with a bachelor's degree in economics, then in 2007 with a master's degree in finance from the IE Business School in Madrid. In 2015, he received the Master of Business Administration (MBA) diploma from Kellogg School of Management in the USA.

He began his career in 2006 at Merrill Lynch's London office as an intern and he was working on corporate finance projects for financial institutions.

From 2007 to 2011, he worked at Deutsche Bank's London office, first as an analyst and later as an associate in the field of corporate finance (for Central and Eastern European corporate customers).

From 2011-2016, he worked for McKinsey & Company Inc. as an associate mostly working on banking related projects.

He joined OTP Bank in 2016 as Managing Director of the Digital Sales and Development Directorate. After the agile transformation at the Bank, he became responsible for the management of the Omnichannel Tribe from 2019. In addition, since January 2021, he has been the head of the Daily Banking Tribe.

From March 2021, he is the Deputy CEO of OTP Bank, the head of the IT Division (As of 1 May 2021 Digital Division).

From 2020 he has been Chairman of the Supervisory Board of OTP banka d.d. in Croatia. He is also a member of the OTP Mobil Kft. Supervisory Board and the head of the Digitization Working Group of the Hungarian Banking Association. He is member of the Mastercard European Advisory Board.

He has been a member of OTP Bank's Board of Directors since 16 April 2021.

As of 31 December 2021 he held 1 ordinary OTP share.

**Antal György Kovács**  
**member of the BoD**  
**Deputy CEO**  
**Retail Division**

He graduated from the Karl Marx University of Economic Sciences with a degree in economics.

He began his professional career in 1990 at the Nagyatád branch of K&H Bank, where he worked as a branch manager between 1993 and 1995.

He has been working at OTP Bank Plc. since 1995, first as a county director and from 1998 as the executive director of OTP Bank's South Transdanubian Region. Since 1 July 2007 he has been OTP Bank's Deputy CEO.

He has received additional training at the International Training Centre for Bankers and on various courses held by the World Trade Institute.

Between April 2007 and April 2012 he was Chairman of the Supervisory Board of OTP banka Hrvatska d.d.

He has been Chairman of the Supervisory Board of OTP Bank Romania SA since 12 December 2012. He has been Chairman of the Board of Directors of OTP Mortgage Bank Ltd. and OTP Building Society Ltd. since 24 April 2014. He is Chairman of the Supervisory Board of OTP Fund Management and OTP Home Solutions Ltd.

He was a member of OTP Bank's Supervisory Board from 2004 to 14 April 2016.

He has been a member of OTP Bank's Board of Directors since 15 April 2016.

As of 31 December 2021 he held 79,244 ordinary OTP shares.

**László Wolf**  
**member of the BoD**  
**Deputy CEO**  
**Commercial Banking Division**

He graduated from the Karl Marx University of Economic Sciences in 1983. After graduation, he worked at the Bank Relations Department of the National Bank of Hungary for 8 years, and then he was head of Treasury at BNP-KH-Dresdner Bank between 1991 and 1993.

From April 1993 he was managing director of OTP Bank's Treasury Directorate, and since 1994 he has been Deputy CEO of the Commercial Banking Division. Member of DSK Bank's Supervisory Board.

He has been Chairman of the Board of Directors of OTP banka Srbija since 10 December 2010.

He has been a member of OTP Bank's Board of Directors since 15 April 2016.

As of 31 December 2021 he held 532,143 ordinary OTP shares.

**Non-executive members:**

**Gabriella Balogh**  
**member of the BoD**  
**MSc Economics, specialization in marketing**

She graduated as organizing chemical engineer from the University of Veszprém in 1993 and as marketing economist from the University of Economics, Budapest in 1997.

She worked as a marketing associate between 1993 and 1998, as director of the Marketing Department from 1998 to 2005 and as managing director of the Marketing and Sales Directorate between 2005 and 2008 at OTP Bank Plc.

She has been managing director of GoodStep Consulting Kft. since 2008. She fulfilled group management tasks as a Board of Directors member at the Central European Media and Publishing Company between 2010 and 2017.

She has been co-owner and Board of Directors member of Net Media Plc. since 2016. She is Presidium member and Chairwoman of the Marketing and Media Board of the Hungarian Football Association.

She has been a member of OTP Bank's Board of Directors since 16 April 2021.

As of 31 December 2021 she held 1,393 ordinary OTP shares.

**Mihály Baumstark**  
**member of the BoD**  
**BSc Agricultural Business Administration,**  
**MSc Economics**

He graduated with a degree in agricultural business administration at Gödöllő University of Agriculture (1973), and went on to do a masters in economics at the Karl Marx University of Economic Science (1981).

He was employed by the Ministry of Agriculture and Food Industry between 1978 and 1989. When he left the Ministry he was Deputy head of the Investment Policy Department. Then he was managing director of Hubertus Bt., and from 1999 to 2011 he was deputy CEO and then Chairman & CEO of Villányi Winery Ltd. (now Csányi Winery Ltd.). He is currently retired.

He was a member of OTP Bank's Supervisory Board from 1992 to 1999, and has been a non-executive member of OTP Bank's Board of Directors since 1999.

He has been Chairman of OTP Bank's Ethics Committee since 2010, as well as a member of its Remuneration Committee since 2011. He was the member of the Nomination Committee between 2014 and 2020.

As of 31 December 2021 he held 44,000 ordinary OTP shares.

**Dr. Tibor Bíró<sup>1</sup>**  
**College Associate Professor**

He graduated from the College of Finance and Accountancy (1974) and from the Karl Marx University of Economics (1978) with a degree in business administration. He has been a certified auditor and chartered accountant since 1986.

He was the Head of the Financial Department of the City Council of Tatabánya from 1978 to 1982. From 1982, he was a professor at the College of Finance and Accounting, and between 1990 and 2013 head of department at the Budapest Business School. Since his retirement in 2015, he has been a visiting lecturer, and working actively in his auditing and consulting company.

From 2000 onwards, for a period of ten years, he was a member of the Presidium of the Budapest branch of the Chamber of Hungarian Auditors, and also worked as a member of the Chamber's Education Committee for five years.

He was a non-executive member of OTP Bank's Board of Directors from 1992. He was a member of OTP Bank's Remuneration Committee from 2009, and he was the chairman of the Nomination Committee between 2014 and 2020.

**Tamás György Erdei**  
**Deputy Chairman of the BoD**  
**BSc Business Administration**

He graduated in 1978 with a degree from the College of Finance and Accounting. He began his professional career at OTP, in a variety of administrative roles (his last position was branch manager), before going on to work at the Ministry of Finance in the area of bank supervision.

From 1983 he was employed by the Hungarian Foreign Trade Bank (today MKB), where he gradually worked his way up through the ranks. In 1985 he became managing director, in 1990 he was appointed Deputy CEO, then in 1994 he became CEO, and from 1997 until the end of March 2012 he was Chairman & CEO.

Between 1997 and 2008, and between 2009 and 2011, he was the elected president of the Hungarian Banking Association.

He is the Chairman of the Supervisory Board of the International Children's Safety Service.

---

<sup>1</sup> His mandate expired on 16 April 2021.

He has been a member of OTP Bank's Board of Directors since 27 April 2012. He has been the Chairman of OTP Bank's Risk Assumption and Risk Management Committee, and he was a member of the Nomination Committee between 2014 and 2020. He has been the Deputy Chairman of the Board of Directors of OTP Bank Plc. since April 2019 and the Chairman of the Work-out Committee since October 2019.

He has been Chairman of the Board of Directors at OTP Factoring Ltd. since December 2019.

As of 31 December 2021 he held 32,285 ordinary OTP shares.

**Dr. István Gresa**  
**member of the BoD**  
**PhD Business Administration and Economics**

He graduated from the College of Finance and Accountancy in 1974 and received a degree in economics from the Karl Marx University of Economic Sciences in 1980. He earned a PhD from the University of Economic Sciences in 1983.

He has worked in the banking sector since 1989. Between 1989 and 1993 he was branch manager of Budapest Bank's Zalaegerszeg branch.

From 1993 he was director of OTP Bank's Zala County Directorate, and from 1998 he was the managing director of the Bank's West Transdanubian Region.

From 1 March 2006 until 14 April 2016 – when he retired – he was Deputy CEO of the Credit Approval and Risk Management Division. He was Chairman of the Board of Directors at OTP Factoring Ltd. between 2006 and 2017.

He has been a member of OTP Bank's Board of Directors since 27 April 2012.

As of 31 December 2020 he held 173,258 ordinary OTP shares.

**Dr. Antal Pongrácz<sup>2</sup>**  
**PhD Economics**

He graduated from the Karl Marx University of Economic Sciences in 1969 and earned a PhD in 1971.

From 1969 he worked as an analyst at the Petrochemical Investment Company, then as a group manager at the Revenue Directorate until 1975. From 1976 he held various executive positions at the Ministry of Finance. After that, he was the first Deputy Chairman of the State Office for Youth and Sports.

Between 1988 and 1990 he was the first Deputy CEO of OTP Bank. Between 1991 and 1994 he was CEO, and then Chairman & CEO, of the European Commercial Bank Rt. Between 1994 and 1998 he was Chairman & CEO of Szerencsejáték Rt, then in 1998-99 he served as CEO of Hungarian flagship carrier, Malév. Since 2001 he has been managing director of OTP Bank's Staff Division and more recently – up until his retirement on 14 April 2016 – Deputy CEO.

1992-1999: Chairman of the Supervisory Board of Gemenc Zrt., 2002-2010: Chairman of the Board of Directors, 1999-2007: Chairman of the Supervisory Board of British American Tobacco (BAT), 2002-2008: Chairman of the Board of Directors of Casinos Hungary.

---

<sup>2</sup> His mandate expired on 16 April 2021.

Between 2007-2012, he was Chairman of OTP Bank Romania's Supervisory Board. He was Chairman of the Supervisory Board of OTP banka Hrvatska d.d. from 12 April 2012, and was Chairman of the Supervisory Board of Splitska banka from 2 May 2017 until its successful integration (on 30 November 2018). He was a member of OTP Bank's Board of Directors from 2002. He was Deputy Chairman of OTP Bank's Board of Directors from 9 June 2009 to 14 April 2016.

**Dr. László Utassy<sup>3</sup>**  
**Chairman & CEO**  
**Merkantil Bank Zrt.**

He graduated from the Faculty of Law of Eötvös Loránd University in Budapest in 1978.

He held various positions at the State Insurance Company between 1978 and 1995 and then went on to work at ÁB-Aegon Rt. He was Chairman & CEO of OTP Garancia Insurance from 1996 to 2008. He was managing director of OTP Bank between 2009 and 2010. Since 1 January 2011 he has been Chairman & CEO of Merkantil Bank Ltd.

He was a member of OTP Bank's Board of Directors from 2001. He was a member of OTP Bank's Risk Assumption and Risk Management Committee from 2014. He has been Chairman of the Board of Directors of OTP Real Estate Leasing Ltd. since 28 November 2019.

**György Nagy**  
**member of the BoD**  
**Msc International Economics**

He graduated from the Department of International Foreign Economics of University of International Relations (Moscow) in 1989.

He was a founding owner of Wallis Holding (founded in 1990) and he managed the Wallis Group as CEO until 2000.

He founded Westbay Holding Kft. in 2004, the company's portfolio includes several successful investments.

He has been the Chairman of the Hungarian Shooting Federation since 2012, Presidium member of the European Shooting Confederation (ESC) since 2013 and Council member of the International Shooting Sport Federation (ISSF) since 2019 and he was elected the Vice President of ESC in 2021.

He has been a member of OTP Bank's Board of Directors since 16 April 2021.

As of 31 December 2021 he held no ordinary OTP shares (while the total number of OTP shares held by him directly and indirectly was 600,000).

---

<sup>3</sup> His mandate expired on 16 April 2021.

**Dr. Márton Gellért Vági**  
**member of the BoD**  
**General Secretary**  
**Hungarian Football Association**

He graduated in 1987 from the department of foreign economics at the Karl Marx University of Economic Science

From 1987 to 2000 he was lecturer at University of Economic Science of Budapest (today Corvinus University of Budapest) and from 1994 onwards associate professor and head of department. He has a university doctorate and a PhD in economics. He has authored or co-authored more than 80 studies, essays and books.

Between 2000 and 2006 he worked at the State Holding and Privatisation Co. (ÁPV Zrt.), as managing director, Deputy CEO and then CEO.

Between 2006 and 2010 he was Chairman of the National Development Agency.

Since 2010 he has been general secretary of the Hungarian Football Association.

In various periods between 2000 and 2010, he was the Chairman of the Board of Directors of Magyar Villamos Művek, Paks Nuclear Power Plant and the National Textbook Publishing House. Between 2002 and 2010, he was a member of the Board of Directors of Földhitel és Jelzálogbank Nyrt., and the Chairman of the Board of Directors for 4 years

He has been a member of UEFA's HatTrick Financial Assistance Committee since 2011. He has been a member of FIFA's Financial Committee since 2017.

He was a member of OTP Bank's Supervisory Board between 2011-2021. He was a member of OTP Bank's Audit Committee between 2014-2021.

He was a member of OTP Bank's Nomination Committee between 2020-2021.

He has been a member of OTP Bank's Board of Directors since 16 April 2021.

As of 31 December 2021 he held no ordinary OTP shares.

**Dr. József Zoltán Vörös**  
**member of the BoD**  
**Professor emeritus, academician**  
**University of Pécs**

He earned a degree in economics from the Karl Marx University of Economic Sciences in 1974. In 1984 he earned a PhD in economics from the Hungarian Academy of Sciences, and a Doctor of Science degree in 1993. He has been a member of the Hungarian Academy of Sciences since 2013.

Between 1990 and 1993 he was the dean of the Faculty of Business and Economics, Janus Pannonius University (JPTE) in Pécs. In 1993 he attended a course in management for senior executives at Harvard University.

From 1994 he was a professor at JPTE, from 2021 he has been professor emeritus. He was the senior Vice Rector of the University from 2004-2007, between 2007 and 2011 he was Chairman of the Economic Council of the University of Pécs.

He has been a non-executive member of OTP Bank's Board of Directors since 1992. He has been Chairman of OTP Bank's Remuneration Committee since 2009, and member of its Risk Assumption and Risk Management Committee since 2014.

As of 31 December 2021 he held 171,114 ordinary OTP shares.

## **Operation of the Board of Directors of OTP Bank Plc.**

Meetings of the **Board of Directors** are convened by the Chairman & CEO by means of a written invitation, in accordance with the prevailing work schedule.

The Chairman & CEO must convene a meeting of the Board of Directors if

- the Board of Directors has passed a resolution calling for an expedited meeting of the Board of Directors;
- at least three members of the Board of Directors initiate a meeting in writing by designating the reason and the purpose, and the agenda items, and by submitting a written proposal in respect of the decision to be made;
- the Supervisory Board or the auditor initiates such a meeting in writing;
- the National Bank of Hungary (hereinafter: MNB or Supervisory Authority) requires it;
- under the law, a decision must be made about whether to convene an extraordinary General Meeting.

The meetings of the Board of Directors shall be held as necessary, but at least six times a year.

The Board of Directors passes resolutions in accordance with the rules of procedure, by simple majority; minutes must be taken of its meetings, and its resolutions must be documented.

If decisions are made without convening a meeting, instead of the minutes, a summary must be prepared of the resolutions and these must be attached to the minutes of the next meeting of the Board of Directors that follows the successful written vote.

The table below provides a brief overview of the number of Board of Directors meetings held in 2021, and of the attendance at these meetings:

### **Board of Directors meetings** **2021**

<b><i>Date</i></b>	<b><i>Present</i></b>	<b><i>Absent</i></b>
<i>16 February</i>	10	-
<i>17 March</i>	10	-
<i>16 April</i>	10	-
<i>16 April</i>	11	-
<i>15 June</i>	11	-
<i>06 September</i>	11	-
<i>11 October</i>	11	-
<i>17 November</i>	11	-
<i>14 December</i>	11	-

#### **Note:**

*In 2021 the Board of Directors met on a total of 9 occasions. In addition, resolutions were passed on 180 occasions by written vote.*

The items on the agenda of the Board of Directors included, among other things, the tasks stipulated by law, such as making a decision on convening, and specifying the agenda of, the General Meeting, the acceptance of the documents submitted to the annual ordinary General Meeting, preparing a proposal concerning the annual report prepared in accordance with the

Accounting Act and the use of the after-tax profit, preparation of the report on the management, on the Company's asset/liability position and on its business policy, measures taken to ensure the appropriate management of the Bank's trading books.

Additional, strategic tasks are, for example, the approval and annual review of the Bank's strategy, determination of its business plan, a review of the Bank's asset/liability position based on the quick reports, review of the Bank's liquidity situation, evaluation of changes in the qualified receivables portfolio, approval and review of the regulations that fall within the Board of Director's scope of authority (collateral evaluation, risk assumption, customer rating, etc.), regular review of compliance with the Credit Institutions Act and Act CXX of 2001 on the Capital Market (hereinafter: Capital Market Act), compliance, and customer complaints management. Furthermore, the Board of Directors is informed of any undertaking of obligations in excess of HUF 3 billion.

In addition, as part of its operative duties, the Board of Directors may make case-by-case decisions in respect of transactions that exceed the threshold value limit.

In view of the situation caused by the virus epidemic, on 22 February 2021, the Parliament adopted Act I of 2021 on protection against the coronavirus pandemic. This Act extended the effect of Government Decree 502/2020. (XI. 16.) on the re-introduction of deviation provisions pertaining to the operation of partnerships and corporations during the state of emergency (hereinafter: Government Decree) until 22 May 2021. Under the Government Decree, public limited companies were not allowed to hold general meetings in person during the lockdown period, so the Board of Directors, acting within the powers of the general meeting, decided on the items on the agenda.

### **1.2.2. Supervisory Board**

At the Bank, in line with the two-tier governance structure, the Supervisory Board – as a body elected by the General Meeting – performs the oversight of the Company's management, business activity and legal operation and fulfils the responsibilities assigned to it by the Credit Institutions Act.

In accordance with the legal provisions – the principle of a majority of independent (non-executive) members is fully enforced in respect of the composition of the Supervisory Board. The ratio of independent (non-executive) Supervisory Board members (4 persons) to the total number of Supervisory Board members (6 persons) is 67%.

The rules applicable to the appointment and recall of the employee delegate of the Supervisory Board are defined by the Works Council operating at the Company, and the Company does not consider such a member to be independent.

In order to avoid conflicts of interest, the General Meeting may not appoint the members of the Board of Directors and their close relatives to the Supervisory Board.

The Supervisory Board determines and approves its own rules of procedure.

The liability of the Supervisory Board extends to the supervision of the lawfulness of the Company's operation, its business practices and management, including the control of the Company's internal audit organisation. The Supervisory Board exercises a preliminary right of consent in respect of decisions relating to the establishment and termination by the employer of the employment of, and well as the determination of the remuneration of, the head of the internal audit organisation.

It is the task of the Supervisory Board to accept and regularly review – within the limits defined by the General Meeting – the principles of the Remuneration Policy.

## **Members of the Supervisory Board of OTP Bank Plc.:**

Supervisory Board members are elected by the General Meeting for a term of three years. In 2021, the term of office of one member of the Supervisory Board expired and the Board of Directors, acting within the powers of the General Meeting, elected a new member on 16 April 2021.

<b>Members of the Supervisory Board</b>		<b>Beginning of Supervisory Board membership</b>	<b>Beginning of mandate</b>	<b>End of mandate</b>	<b>Independent/ Employee member</b>
<b>Chairman</b>	Tibor Tolnay	15 May 1992	2020	2023	Independent member
<b>Deputy Chairman</b>	Dr. József Gábor Horváth	29 April 2005	2020	2023	Independent member
<b>Members</b>	Klára Bella	12 April 2019	2020	2023	Employee delegate
	András Michnai	25 April 2008	2020	2023	Employee delegate
	Dr. Márton Gellért Vági*	29 April 2011	2020	2021	Independent member
	Olivier Péqueux	13 April 2018	2020	2023	Independent member
	Dr. Tamás Gudra**	16 April 2021	2021	2023	Independent member

\* his office ceased on 16.04.2021

\*\* elected member of the Supervisory Board on 16.04.2021

### **Independent members:**

#### **Tibor Tolnay** **Chairman of the SB**

He graduated from Budapest University of Technology as a qualified civil engineering in 1978, and in 1983 he obtained a degree in economic engineering. In 1993 he finished his studies as specialized economist at Budapest University of Economics.

From 1989 to 1994, he was Director of State Construction Company No. 21. From 1994 to 2015 he was Chairman & CEO of the already privatized Magyar Építő Joint Stock Company. He has been the managing director of Érték Ltd. since 1994. Since 2020 he has been the managing director of Fenyves Garden Ltd.

From 2018 to 2021 he was President of the National Association of Entrepreneurs and Employers, since 2021 co-President.

Since 1992 he has been a member of OTP Bank's Supervisory Board, and Chairman of the Supervisory Board since 1999. He was a member and Deputy Chairman of OTP Bank's Audit Committee between 2007 and 2011, and has been again since 2014. He has been the Chairman of OTP Bank's Nomination Committee since 2020.

As of 31 December 2021 he held 54 ordinary OTP shares.

**Dr. József Gábor Horváth**  
**Deputy Chairman of the SB**  
**Lawyer**

He earned a degree in law from Eötvös Loránd University in Budapest in 1980.

From 1983 he worked for the Hungarian State Development Bank. He has been a lawyer since 1986, and since 1990 has run his own law firm, which specialises in corporate finance and corporate governance.

He has been a member of the Supervisory Board of OTP Bank since 1995, and was a member of MOL Plc.'s Board of Directors between 1999 and 2014.

He has been Deputy Chairman of OTP Bank's Supervisory Board since 2007.

He was Chairman of OTP Bank's Audit Committee between 2007 and 2011, and has been again since 2014.

He has been a member of OTP Bank's Nomination Committee since 2020. He was a member of the Board of Directors of INA Industrija Nafta d.d. from 2014 to 2018.

As of 31 December 2021 he held no ordinary OTP shares.

**Dr. Tamás Gudra**  
**Member of the SB**  
**BSc Business Administration, Lawyer**

He graduated as business administrator in 1993 from the College of Commerce and Catering. He is a Hungarian chartered auditor since 1997. He also obtained a university degree in 2010 as a lawyer at the Faculty of Law of Janus Pannonius University in Pécs.

He worked as an auditor from 1993 to 2001 at Deloitte & Touche. Between 2001 and 2003 he was an accounting expert of subsidiaries at the Accounting and Tax Directorate of the Hungarian Oil and Gas Public Limited Company (MOL Rt). Then he was managing director at the Auditor, Financial and Accounting Directorate of the National Privatization and Asset Manager Plc. (ÁPV Zrt.) between 2003 and 2007 and became the director of Controlling Directorate at the Hungarian National Asset Manager Plc. (MNV Zrt.) from 2008 to 2010.

Following these assignments, he worked as the CFO of the Hungarian Football Association from 2011 until June of 2020. As of July 2020, he became the group-level CFO of Bonafarm Zrt.

He was a member of the Supervisory Board of OTP Lakástakarék Zrt. between 2012 and 2021 and he is Chairman of the Hungarian Paralympic Committee's Supervisory Board since 2016. Since 2021 he has been property inspector of Hungarian University of Agriculture and Life Sciences, member of the Executive Committee of Pick Szeged Zrt., SOLE-Mizo Zrt and MCS Vágóhíd Zrt.

He has been a member of the Supervisory Board and Audit Committee of OTP Bank since 16 April 2021.

As of 31 December 2021 he held no ordinary OTP shares.

**Olivier Péqueux**  
**Member of the SB**  
**Groupama International SA**

He graduated from Institute of Actuaries of France, Polytechnique School and ENSAE Paris Tech.

Started to work in 1998 as an insurance commissioner for the French Insurance Supervisory Authority. In 2003, he joined the French Ministry of Finance to take part in the pension law reform and the setup of a pension fund for French civil servants. Then he became technical adviser to the French Minister of health and pensions.

In 2005 he joined Groupama Group, first in charge of the actuary and accounting department of Gan Patrimoine, a life insurance company, and then in 2007 as Chief Financial Officer of Groupama Paris Val de Loire.

He moved to China in March 2011 as Deputy General Manager of Groupama China, in charge of finance, actuary and investments in the joint venture between AVIC and Groupama.

From 2015 to 2017, he was the General Manager of Groupama AVIC. He has been the Chief International Officer of Groupama Assurances Mutuelles since March 2018. He has been Groupama Assurances Mutuelles Deputy CEO since September 2020.

He has been a member of OTP Bank's Supervisory Board, and Audit Committee since 2018.

As of 31 December 2021 he held no ordinary OTP shares.

**Dr. Márton Gellért Vági<sup>4</sup>**  
**member of the SB**  
**General Secretary**  
**Hungarian Football Association**

(For his CV, see point 1.2.1. Board of Directors of the section entitled 'Management bodies')

**Employee delegates:**

**Klára Bella**  
**Member of the SB**  
**Director**  
**Large Corporate Department**

She graduated from the College of Finance and Accountancy and later obtained a degree from the Budapest University of Economic Sciences.

From 1992 to 1994 she worked as a clerk at the Fertőszentmiklós branch of OTP Bank.

From 1994 to 1995 she was a lending consultant at Polgári Bank.

From 1995 to 1996 she worked as a risk manager at the Central Branch of OTP Bank.

From 1996 to 1997 she was authorizer in the Credit Approval and Risk Management Division.

From 1997 to 2010 she was Deputy Managing Director at the Central Branch.

From 2010 to 2016 she was Director at the Central Branch.

---

<sup>4</sup> His position on the Supervisory Board was terminated on 16 April 2021, and since that date he has been a member of the Board of Directors of OTP.

Between 2017 and 2020, she was Director of the Corporate Directorate. Since 1 July 2020, she has been the Director of the Large Corporate Department of the Specialised Finance Directorate.

She has been a member of OTP Bank's Supervisory Board, and representative of the Bank's employees since 12 April 2019.

As of 31 December 2021 she held 344 ordinary OTP shares.

**András Michnai**  
**Member of the SB**  
**Managing Director**

He graduated in 1981 from the College of Finance and Accounting with a degree in business administration.

He has been an employee of the Bank since 1974, and until 1981 held a variety of posts in the branch network. Following this he held a management position in the central network coordination department before returning to work in the branch network. From 1994, as deputy managing director, he participated in the central coordination of the branch network. Between 2005 and 2014 he was the managing director of the Bank's Compliance Department.

He further expanded his professional skills, obtaining a Master's degree at the Budapest Business School, and is a registered tax advisor.

He has been a member of OTP Bank's Supervisory Board, and representative of the Bank's employees, since 2008. He has been Secretary of OTP Bank's Employees' Trade Union since December 2011.

As of 31 December 2021 he held 100 ordinary OTP shares.

**Operation of the Supervisory Board of OTP Bank Plc.**

As stipulated in the Articles of Association, the **Supervisory Board** meets at least six times a year.

The meetings of the Supervisory Board are convened by the chairman. The meetings must also be convened if a member of the Supervisory Board or at least two members of the Board of Directors, or the auditor, requests it in writing, indicating the objectives and reasons for the meeting.

The Supervisory Board passes its resolutions by simple majority; minutes are taken of its meetings, and its resolutions are documented.

If decisions are made without convening a meeting, instead of the minutes, a summary must be prepared of the resolutions and these must be attached to the minutes of the next Supervisory Board meeting that follows the successful written vote.

The table below provides a brief overview of the number of Supervisory Board meetings held in 2021, and of the attendance at these meetings:

**Supervisory Board Meetings**  
**2021**

<b><i>Date</i></b>	<b><i>Present</i></b>	<b><i>Absent</i></b>
<i>18 February</i>	6	-
<i>17 March</i>	6	-
<i>20 May</i>	5	1
<i>14 June</i>	5	1
<i>16 September</i>	5	1
<i>14 December</i>	6	-

**Note:**

*In 2021 the Supervisory Board met on a total of 6 occasions. In addition, resolutions were passed on 90 occasions by written vote.*

The main function of the Supervisory Board is to see to it that the Bank has a comprehensive and effectively operating system of oversight and control, and to manage the internal audit organisation. It is also responsible for verifying the financial institution's annual and interim financial statements, making a suggestion to the annual General Meeting for the acceptance of the documents, reports and annual reports verified by it and submitted to the annual General Meeting, as well as for the acceptance of the proposal for the use of after-tax profits, and the person and remuneration of the auditor to be elected.

The tasks concerning the management of the internal audit organisation includes the acceptance of the audit plan at the bank-group level, and the discussion of the report at the bank-group level of the audits performed by the internal audit units and of the performance of the audit tasks at the bank-group level.

The principles and frameworks of the long-term remuneration and incentives system for employees in senior positions are determined by the General Meeting. With effect from 2014, the principles of the Bank Group's Remuneration Policy are approved and reviewed by the Supervisory Board, while the Board of Directors is responsible for the annual internal audit of the Policy.

Additional agenda items of the meetings of the Supervisory Board included: compliance with the provisions of the Credit Institutions Act, the operation, at group level, of the Unified Internal Audit System and the further development of the system, a review of the volume and composition of the qualified receivables portfolio, annual compliance report, the Safeguarding officer's report on the protection of customers' financial assets, etc.

**1.3 Audit Committee**

The Audit Committee, consisting of independent members of the Bank's Supervisory Board elected by the General Meeting, is a body that assists the work of the Supervisory Board in relation to the monitoring of the financial reporting system, selection of the auditor, and cooperation with the auditor. Under its powers it monitors the internal audit, risk management and reporting systems, as well as the auditor's activity. The Audit Committee reviews and monitors – in respect of the entire OTP Bank Group – the auditor's independence, with special regard to the performance of any non-prohibited non-audit services to be provided by the auditor in addition to its audit activity. Furthermore, it fulfils the audit committee tasks of several domestic subsidiary banks.

### **Members of OTP Bank Plc.'s Audit Committee:**

The Audit Committee consists of four members who are elected for a term of three years. The Audit Committee elects a chairperson from its own members. In 2021, the term of office of one member of the Audit Committee expired and the Board of Directors, acting within the powers of the General Meeting, elected a new member on 16 April 2021.

<b>Members of the Audit Committee</b>		<b>Beginning of Audit Committee membership</b>	<b>Beginning of mandate</b>	<b>End of mandate</b>
<b>Chairman</b>	Dr. József Gábor Horváth	21 September 2007 - 29 April 2011 25 April 2014	2020	2023
<b>Deputy Chairman</b>	Tibor Tolnay	21 September 2007 - 29 April 2011 25 April 2014	2020	2023
<b>Members</b>	Dr. Márton Gellért Vági*	25 April 2014	2020	2021
	Olivier Péqueux	13 April 2018	2020	2023
	Dr. Tamás Gudra**	16 April 2021	2021	2023

\* his office ceased on 16.04.2021

\*\* elected member of the Audit Committee on 16.04.2021

#### **Dr. József Gábor Horváth**

##### **Chairman of the Audit Committee**

(For his CV, see the section entitled 'Management bodies')

#### **Tibor Tolnay**

(For his CV, see the section entitled 'Management bodies')

#### **Olivier Péqueux**

(For his CV, see the section entitled 'Management bodies')

#### **Dr. Márton Gellért Vági<sup>5</sup>**

(For his CV, see the section entitled 'Management bodies')

#### **Dr. Tamás Gudra**

(For his CV, see the section entitled 'Management bodies')

### **Operation of OTP Bank Plc.'s Audit Committee**

The Audit Committee meets at least two times a year, in accordance with its current rules of procedure.

---

<sup>5</sup> His position on the Audit Committee was terminated on 16 April 2021, and since that date he has been a member of the Board of Directors of OTP.

The table below provides a brief overview of the number of Audit Committee meetings held in 2021, and of the attendance at these meetings:

**Audit Committee meetings**  
**2021**

<b>Date</b>	<b>Present</b>	<b>Absent</b>
17 March	4	-
14 December	4	-

**Note:**

*In 2021 the Audit Committee met on a total of 2 occasions. In addition, resolutions were passed on 28 occasions by written vote.*

The items on the agenda of the Audit Committee meetings included, among others, a briefing on the profit approved by the Company's auditor, the Company's non-consolidated financial statements prepared in accordance with International Financial Reporting Standards, the report on the financial statements and on the proposal regarding the distribution of the profit, and a recommendation on the selection of the Company's auditor, approval of the person nominated to be responsible for the audit, and the determining of his/her remuneration.

The proposals submitted by domestic subsidiary banks as well as the quarterly reports on contracts for non-prohibited auditor's services, have also been included in the agenda of the Audit Committee.

**Remuneration of the members of the Board of Directors, the Supervisory Board and the Audit Committee**

Determining the remuneration of the Board of Directors, the Supervisory Board and the Audit Committee is in the competence of the Company's supreme body, the General Meeting.

**1.4. The operation of the committees**

A key consideration in the establishment of the composition of special and standing committees is the election of members who are capable of taking a position in all fields and professional matters within the competence of the committee.

1.4.1. Committees that operate with the participation of external members of the Company's Board of Directors and the non-executive members of the Supervisory Board:

**Remuneration Committee**

The Remuneration Committee, established by the Board of Directors and meeting on a continuous basis, prepares proposals to the management bodies for elaborating and monitoring the guidelines and system of remuneration, as well as for specific remuneration decisions.

The Remuneration Committee exercises its authority as a body.

Its chairperson and members are appointed by the Board of Directors, and its procedural rules are approved by the committee itself.

<b>Members of the Remuneration Committee</b>	
<b>Chairman</b>	Dr. József Vörös
<b>Members</b>	Dr. Tibor Bíró*
	Mihály Baumstark
	György Nagy**

\* his membership ceased on 16.04.2021

\*\* elected member of the Remuneration Committee on 16.04.2021

### Nomination Committee

The Nomination Committee, which was established by the Board of Directors and operates on a continuous basis, elaborates the principles for selection of the members of the Bank's executive bodies, and nominates candidates accordingly, and also makes recommendations regarding the basic principles and framework for the testing of compliance with the requirements prescribed in respect of members of the executive bodies of the Bank and the Bank Group, and in respect of employees in management and key positions.

Its chairperson and members are appointed by the Board of Directors, and its procedural rules are approved by the committee itself.

<b>Members of the Nomination Committee</b>	
<b>Chairman</b>	Tibor Tolnay
<b>Members</b>	Dr. József Gábor Horváth
	Dr. Márton Gellért Vági*
	Dr. Tamás Gudra**

\* his membership ceased on 16.04.2021

\*\* elected member of the Nomination Committee on 16.04.2021

### Risk Assumption and Risk Management Committee

The Risk Assumption and Risk Management Committee, which was established by the Board of Directors, operates on a continuous basis, fulfils a decision support function, commenting on the Bank's risk assumption strategy and propensity for risk, and providing support for the supervision of implementation of the risk assumption strategy.

Its chairperson and members are appointed by the Board of Directors, and its procedural rules are approved by the committee itself.

<b>Members of the Risk Assumption and Risk Management Committee</b>	
<b>Chairman</b>	Tamás György Erdei
<b>Members</b>	Dr. László Utassy*
	Dr. József Vörös
	Dr. István Gresá**

\* his membership ceased on 16.04.2021

\*\* elected member of the Risk Assumption and Risk Management Committee on 16.04.2021

#### 1.4.2. Special committee:

### Ethics Committee

A special committee of the Bank established by the Board of Directors – and consisting of delegated members thereof – presided over by one of the non-executive members of the Board of Directors.

The committee gives guidance on compliance with standards of ethical conduct through its position statements issued in general and specific cases, and its decisions serving to assist with interpretation. The committee also makes decisions in the event of reports, relating to the Bank, made via the ethical complaints hotline, or investigates the reports and makes a decision in a second-tier procedure.

Its procedural rules are approved by the committee itself.

<b>Ethics Committee</b>	
<b>Chairman</b>	Mihály Baumstark

1.4.3. **Permanent committee** established by the Bank's Management in support of management functions:

#### Management Committee

The Management Committee is a permanent committee established by the Board of Directors. It is a forum that directly supports the work of the Chairman & CEO and is the supreme management body of the Bank. It has decision making power in the issues that are relegated into its scope of authority by the Organisational and Operational Regulations, it takes a preliminary position and prepares decisions in the majority of issues that are discussed by the General Meeting, the Board of Directors and the Supervisory Board, and plays a coordinating role in the senior management of the Bank.

The Management Committee also ensures that the Bank can respond flexibly and effectively to market and regulatory factors and that the Bank as a whole can act in a coordinated fashion.

The Management Committee performs its work on the basis of a six-month work schedule approved by the committee itself, and meets once a month (and on an ad-hoc basis as and when necessary). Their order of business is determined by its procedural rules.

<b>Members of the Management Committee</b>	
<b>Chairman</b>	Dr. Sándor Csányi
<b>Members</b>	László Bencsik
	Tibor András Johancsik <sup>6</sup> (until 12 March 2021)
	György Kiss-Haypál
	Antal György Kovács
	László Wolf
	Dr. Bálint Csere
	Péter Csányi <sup>7</sup> (since 12 March 2021)

The following additional permanent committees operate within the Company for the performance of specific tasks:

- Asset-Liability Committee (ALCO)
- Product Development, Sales and Pricing Committee (TÉÁB)
- International Product Development, Sales and Pricing Committee (NTÉÁB)
- Work-Out Committee (WOB)
- Credit and Limits Committee (HLB)
- IT and Operations Board (ITOB)
- Group Operational Risk Management Committee (OpRisk)
- Group Impairment Committee (ÉVB)
- Committee on the Prevention of Money Laundering (PMB)
- Group Investment Committee (GIC)
- ESG Committee

#### **Asset-Liability Committee**

The Asset-Liability Committee (ALCO) is a standing committee established by the Board of Directors, which acts as the Bank's governing body in asset-liability management matters of the highest level.

<b>Members of the Asset-Liability Committee</b>	
<b>Chairman</b>	László Bencsik
<b>Deputy Chairman</b>	László Wolf

<sup>6</sup> The membership of Tibor András Johancsik, Deputy CEO, of the Management Committee ended on 12 March 2021.

<sup>7</sup> Péter Csányi, Deputy CEO, has been a member of the Management Committee since 12 March 2021.

### **Product Development, Sales and Pricing Committee**

The Product Development, Sales and Pricing Committee (TÉÁB) is a standing committee established by the Board of Directors. As a committee it deals with the products and services of the Bank and its domestic subsidiaries sold through the Bank's sales channels, including their normative pricing and their distribution through the various sales channels available, as well as with major campaigns.

<b>Members of the Product Development, Sales and Pricing Committee</b>	
<b>Chairman</b>	Antal György Kovács
<b>Deputy Chairman</b>	László Wolf

### **International Product Development, Sales and Pricing Committee**

The International Product Development, Sales and Pricing Committee (NTÉÁB) is a standing committee established by the Board of Directors to provide a management forum for the matters relating to the products and services of the Bank's foreign subsidiary banks, including their pricing and sales, and of any business disagreements that may arise between the Bank's foreign subsidiary banks and OTP Bank's business areas.

<b>Members of the International Product Development, Sales and Pricing Committee</b>	
<b>Chairman</b>	Antal György Kovács
<b>Deputy Chairman</b>	László Wolf

### **Work-Out Committee**

The Work-Out Committee (WOB) is a standing committee established by the Board of Directors. Its responsibility is to approve the collection strategy and submit it to the Board of Directors. The Work-Out Committee exercises decision-making power in the enforcement of claims the recovery of which is at risk in the portfolio of the Bank, and right of consent concerning such in the portfolios of the Bank's foreign subsidiaries, Merkantil Bank Zrt. and its subsidiaries, as well as OTP Factoring Ltd. and its foreign subsidiaries. The Work-Out Committee also acts as an NPL committee in charge of the general management of non-performing exposures, in the framework of which it pre-approves, reviews and supports the Bank's NPL strategy and supports its implementation in practice.

<b>Members of the Work-Out Committee</b>	
<b>Chairman</b>	Tamás György Erdei
<b>Deputy Chairman</b>	János Szász

## Credit and Limits Committee

The Credit and Limits Committee (HLB) is a standing committee established by the Board of Directors. The HLB's core competence covers the Bank's and the Bank Group's regulatory and methodological responsibilities related to lending and credit risk management, as well as decisions concerning the assumption of credit risk vis-à-vis of customers, and in case of Bank Group members that assume credit risk, it entails the exercise of the power of decision or consent concerning this area of responsibilities.

<b>Members of the Credit and Limits Committee</b>	
<b>Chairman</b>	György Kiss-Haypál
<b>Deputy Chairman</b>	László Wolf

## IT and Operations Board

The IT and Operations Board (ITOB) is a standing committee set up by the Board of Directors that provides guidance concerning the investment strategy within the sphere of competence of the Bank Group's Digital Division in order to ensure the prudent and secure operation of the Bank Group.

<b>Members of the IT and Operations Board</b>	
<b>Chairman</b>	Tibor András Johancsik <sup>8</sup>
	Péter Csányi <sup>9</sup>
<b>Deputy Chairman</b>	László Bencsik

## Group Operational Risk Management Committee

The Group Operational Risk Management Committee (OpRISK) is a standing committee set up by the Board of Directors that monitors changes in operational risks, operational risk management activities and business continuity planning activities and ensures that regulatory risk management solutions required by law and expected by the management are in place and that reporting pathways are working properly.

<b>Members of the Group Operational Risk Management Committee</b>	
<b>Chairman</b>	György Kiss-Haypál
<b>Deputy Chairman</b>	Gábor Horváth

## Group Impairment Committee

The Group Impairment Committee (ÉVB) is a standing committee established by the Board of Directors. The sphere of competence of the Committee includes Bank Group-level decisions about the methodological issues involved in the group valuation used in impairment recognition under IFRS 9.

<b>Members of the Group Impairment Committee</b>	
<b>Chairman</b>	László Bencsik
<b>Deputy Chairman</b>	György Kiss-Haypál

<sup>8</sup> The membership of Tibor András Johancsik and his mandate as chairman of the IT and Operations Board ended on 12 March 2021.

<sup>9</sup> Péter Csányi has been member and chairman of the IT and Operations Board since 12 March 2021.

## **Committee on the Prevention of Money Laundering**

The Committee on the Prevention of Money Laundering (PMB) is a standing committee established by the Board of Directors that makes decisions about the sustainability of a business relationship or the approval of the establishment of a business relationship that involve customers concerned with the arising of specific money laundering risks.

<b>Members of the Committee on the Prevention of Money Laundering</b>	
<b>Chairman</b>	Dr. Bálint Csere
<b>Deputy Chairman</b>	Gábor Bucsek

## **Group Investment Committee**

The Group Investment Committee (GIC) is a standing committee established by the Board of Directors. It decides at Group level on strategic asset allocation issues underlying investment advice, forming a single and coherent structure.

<b>Members of the Group Investment Committee</b>	
<b>Chairman</b>	Attila Bánfi
<b>Deputy Chairman</b>	Tünde Molnár

## **ESG Committee**

The ESG Committee is a standing committee established by the Board of Directors. Its role is to develop the ESG strategy, plans and policies, and to support the Bank's managing bodies in discharging their ESG duties.

<b>Members of the ESG Committee</b>	
<b>Chairman</b>	Gabriella Balogh
<b>Deputy Chairman</b>	Gergely Pókos

Permanent committees are the Bank's bodies in charge of preparing and making decisions as well as conducting consultations. The task of permanent committees is to prepare and make decisions needed for the performance of the Bank's business activities, for minimising the Bank's risks and for ensuring its operation. Decisions to establish permanent committees are made by the Bank's Board of Directors. The members of the committees are persons in charge of the professional areas concerned, who have exceptional expertise and all-round competence in the given matter. The chairpersons of the committees are nominated by the Chairman & CEO, and their rules of procedure – with the exception of the Management Committee – are approved by the head of the Legal Directorate. The Management Committee approves its own procedural rules. In respect of resolutions, the Asset-Liability Committee, the Credit and Limits Committee, the Group Operational Risk Management Committee, the International Product Development, Sales and Pricing Committee, the Work-Out Committee, Committee on the Prevention of Money Laundering, Group Investment Committee, ESG Committee and the Group Impairment Committee operate on the principle of simple majority, while in the case of the Management Committee, the Product Development, Sales and Pricing Committee and the IT and Operations Committee, decisions are made by a simple majority of votes but the chairperson has a right of veto.

### **1.5. Members of OTP Bank Plc.'s senior management (with CV):**

#### **Dr. Sándor Csányi**

##### **Chairman & CEO**

(For his CV, see the section entitled 'Management bodies')

#### **László Bencsik**

##### **Chief Strategic and Financial Officer, Deputy CEO**

##### **Strategy and Finance Division**

In 1996, he graduated from the Faculty of Business Administration at the Budapest University of Economic Sciences, and in 1999 he obtained a Master's in Business Administration (MBA) from INSEAD Business School in France.

Between 1996 and 2000 he worked as a consultant at Andersen Consulting (now Accenture).

From 2000 to 2003 he was a project manager at consulting firm McKinsey & Company.

He joined OTP Bank in 2003, when he became managing director of the Bank Operations Management Directorate, and the manager with overall responsibility for controlling and planning.

He has been deputy CEO of OTP Bank, and head of the Strategy and Finance Division, since August 2009.

Since 13 March 2012 he has been Chairman of the Supervisory Board of DSK Bank.

As of 31 December 2021 he held 10,038 ordinary OTP shares.

#### **Péter Csányi**

##### **Member of the Board of Directors, Deputy CEO**

##### **Digital Division**

(For his CV, see the section entitled 'Management bodies')

#### **Tibor András Johancsik**

##### **Deputy CEO until 12 March 2021**

##### **IT Division**

He graduated from the Budapest Technical University with a degree in electrical engineering in 1988, and then in 1993 earned a further degree in foreign trade business administration from the College of Foreign Trade. He began his professional career at as a researcher in the field of industrial automation at the Hungarian Academy of Sciences Institute for Computer Science and Control (MTA SZTAKI). From 1994 onwards he held management positions at the Hungarian subsidiaries of international IT development companies (ICL, Unisys, Cap Gemini).

From 2001 he worked as an advisor in the fields of IT and organisational development, then from 2003, as managing director of JET-SOL Kft., he participated in the development of numerous systems in Hungary and abroad.

Since 24 February 2016 he has been Deputy CEO in charge of OTP Bank's IT Division.

He has been Chairman of the Supervisory Board of Monicom Zrt. since 1 April 2016.

**György Kiss-Haypál**

**Deputy CEO**

**Credit Approval and Risk Management Division**

He is a qualified economist. He graduated from the Budapest University of Economic Sciences in 1996.

He started his career as a project finance analyst for Budapest Bank Plc., and by 2007 he had been appointed head of the bank's risk management department.

Between 2002 and 2006 he also worked in Ireland as corporate credit risk portfolio manager for GE Consumer Finance Europe, and in Austria as GE Money Bank's consumer loans portfolio manager. Between 2008 and 2015 he was member of the Board of Directors of Budapest Bank.

From 2015 he was deputy head of the Credit Approval and Risk Management Division of OTP Bank Plc., and was then appointed acting head of the Division.

Since 3 May 2017, he has been deputy CEO of the Credit Approval and Risk Management Division.

As of 31 December 2021 he held 3,137 ordinary OTP shares.

**Antal György Kovács**

**Member of the Board of Directors, Deputy CEO**

**Retail Division**

(For his CV, see the section entitled 'Management bodies')

**László Wolf**

**Member of the Board of Directors, Deputy CEO**

**Commercial Banking Division**

(For his CV, see the section entitled 'Management bodies')

***1.6. Internal control system***

The appropriate functioning of the internal control system is provided for, at bank-group level, in accordance with the relevant statutory regulations and in keeping with the relevant Recommendations.

The internal control system, alongside responsible corporate governance, is a cornerstone of the internal lines of defence that promote prudent, reliable and effective operation in accordance with the statutory regulations and internal regulations, protects the economic interests and social objectives of the customers and the owners and ensures continued trust in the Company.

The internal control functions are independent of each other and of the areas they supervise and audit. It is a basic expectation concerning the operation of internal control functions that they should operate in a way to provide support to the senior management in making sound decisions.

## **Internal audit**

OTP Bank Plc. has established and operates internal lines of defence that promote the prudent, reliable and efficient operation of the organisation in compliance with the laws and internal regulations, the protection of the organisation's assets and the economic interests and social objectives of customers and owners, and, through these, the smooth and efficient operation of the organisation and the maintenance of confidence in the institution.

The internal audit system covers all processes, organisational units, business lines and activities, including outsourced activities.

The Company's internal audit system consists of several modular control levels. The elements of the internal audit system are comprised of in-process controls and management controls, and an independent internal audit organisation and management information system.

As one of the internal lines of defence, the **independent internal audit organisation** assists in the legally compliant and effective management of assets and liabilities and the protection of property; it supports secure business operation, the effective operation of internal control systems, the minimisation of risks, and it also detects and reports deviations from the provisions of the statutory regulations and internal policies, makes recommendations for the elimination of deficiencies, and monitors the implementation of the measures. It performs its activities objectively and professionally. Its independence is ensured by the fact that it is professionally overseen by the Supervisory Board, within the framework set out by the Credit Institutions Act. The independent internal audit organisation was established to ensure the performance of owner audits throughout the OTP Group, in all its institutions and branch network, as well as the professional management and supervision of foreign and domestic internal audit organisations.

OTP Bank Plc. has developed and operates a unified internal audit system consistently throughout the bank group, proportionate to the size of the OTP Group and the market share of the Company. In addition to the audits covering the entire parent bank and the branch network, the Unified Internal Audit System includes owner audits conducted at the foreign and domestic group members as well as the professional oversight of the internal audit organisations of the financial institutions that are subject to consolidated supervision as specified in the Credit Institutions Act. As a means to this end, uniform internal audit procedures and methodologies are developed, continuously improved and applied. Internal audit also liaises regularly and cooperates with external auditing bodies.

The annual activities of the independent internal audit organisation are set out in the annual audit plan approved by the Supervisory Board. The annual plan is prepared using a risk-based and process-oriented approach, keeping in mind the coverage of the audit universe and the focus on the areas with major risk exposures, with a particular emphasis on reporting and data controls, taking into account the Company's latest strategic priorities.

The independent internal audit organisation has unrestricted access to the information, documents and data needed to carry out the audits, and receives continuous information on any and all changes in the structure, risks and priorities of the group.

The internal audit organisation makes group-level reports on its auditing activities for the management bodies at quarterly and annual intervals. In its quarterly reports it gives a summary account of the audits conducted by the Group's internal audit organisations, the risks identified in the course of its own audits and audits conducted by the authorities, and the success of any action taken to eliminate them. In exceptional cases that require immediate intervention, it provides the management with extraordinary briefings. It prepares the annual internal audit plan at group level on an annual basis and reports on its

implementation, the performance of the tasks stipulated in this plan, the audits conducted and other activities and the circumstances of the organisation's operation, as well as on any changes to the internal audit system.

The internal audit organisation reports annually to the Supervisory Board and the Board of Directors, with the prior opinion of the Audit Committee, on the operation of risk management, internal control mechanisms and corporate governance functions. Moreover, in line with the provisions of the Credit Institutions Act, reports, once a year, to the Supervisory Board and the Board of Directors on the regularity of internal audit tasks, professional requirements and the conduct of audits, and on the review of compliance with IT and other technical conditions needed for the audits.

## **Risk management**

The basis for effective group-level risk management is the operating of a standardised, 'OTP-compliant' regulations and procedures at the subsidiaries concerned. The Company has detailed risk management regulations that include every type of risk (credit, country, counterparty, market, liquidity, operational, compliance) which are consistent with the statutory regulations pertaining to prudential banking operation. The annual report and the Information that is to be disclosed to the public under CRR describe the risk management practices, the limits, and compliance with these limits.

Within the Company, the Credit Approval and Risk Management Division, the Strategy and Finance Division and the Compliance Directorate exercise functional control over the guidelines, methodology and infrastructure of the bank-group risk management strategy, the purpose of which is to create a clearly defined, transparent, standardised credit, country, counterparty, market, liquidity, operational and compliance risk management system at group level which complies with the expectations of the Supervisory Authority and local conditions. The Bank Group pays special attention to the management of ESG risks<sup>10</sup> and the implementation of climate protection aspects in business practice. The Bank Group's Risk Strategy, as well as the rules on risk prescribed by the Credit Institutions Act, are approved by the Bank's Board of Directors.

The Risk Strategy determines, with respect to the entire Bank Group, the framework for risk management and the principles, guidelines and development programmes of risk assumption.

With respect to the cornerstones of the risk management methodologies, and the main risk topics for Bank Group members, the final decision-making competence is held by the Group members' directorates and risk committees (Credit and Limit Committee, Workout Committee, Risk Assumption and Risk Management Committee, Asset-Liability Committee, Group Operational Risk Committee).

The Bank's risk management system encompasses the identification of the risks, assessment of their impact, elaboration of the necessary action plans, and the monitoring of their effectiveness and results. The management make their business decisions in a knowledge of all the key risks. All significant risks related to internal and external operations, or to compliance with financial and legal requirements, as well as numerous other risks, are evaluated and managed using a clearly-defined and transparent internal mechanism.

The business continuity framework is intended to provide for the continuity of services. Developed on the basis of international methodologies, the lifecycle model includes process evaluation, action plan development for critical processes, the regular review and testing of these, as well as related DRP activities. The activity is overseen by the Group Operational Risk Management Committee.

---

<sup>10</sup> E: Environmental; S: Social; G: Governance

## **Compliance**

In accordance with EU regulations, Hungarian statutory provisions and supervisory recommendations, an independent organisational unit (the Compliance Directorate) operates at the Company, with the task of exploring and managing compliance risks. This function is supported by the appropriate regulatory documents: a compliance strategy, policy, regulations pertaining to the management of each compliance risk, as well as a work plan. The purpose of the compliance policy is to set out a summary of the Bank's key principles related to compliance, and to mark out the main strategy relating to independent compliance activities, which together facilitate and support the Bank's compliant, lawful, secure and prudent operation. The compliance policy is approved by the Board of Directors and the Supervisory Board of the Bank. The Bank's senior management is responsible for the implementation in practice of the compliance policy.

The Compliance Directorate prepares a report quarterly to the Board of Directors, and annually to the Supervisory Board, about the Bank's and the Bank Group's compliance activities and position.

## **Auditor**

The General Meeting has the authority to elect the company performing the audit, and to approve the nomination of the member responsible for the audit.

Our company was audited for the year 2021 by Ernst & Young Könyvvizsgáló Kft. (company registration number: 01-09-267553). Last year the auditor did not perform any activity that might have compromised its independence.

The Audit Committee makes a decision on any non-audit service provided to the auditor, and the related contract may only be concluded with the Committee's approval. The Audit Committee receives quarterly reports on the composition and the value of any non-auditor contracts, ensuring the independence of the auditor.

The Board of Directors must inform the Company's General Meeting and Supervisory Board if the auditor is given any other material mandates. In addition, if warranted, the Company's Board of Directors, Supervisory Board and other boards may use the services of an external consultant as well.

With regard to the provisions of Article 17 of Regulation (EU) No 537/2014 of the European Parliament and of the Council ("Regulation"), Deloitte Könyvvizsgáló és Tanácsadó Kft. performed the duties of auditor in the 2020 business year for the last time. With this in mind, under the control and subject to the decision of the Audit Committee, in 2019 our Company conducted a tender in accordance with the formal and substantive requirements of the Regulation. Based on the proposal of the Tender Committee conducting and coordinating the tender, the Audit Committee has accepted the evaluation regarding the bids received in connection with the tender for *the auditor to be appointed from the 2021 financial year* and its compliance with applicable law and proposed the conclusion of a contract with Ernst & Young Könyvvizsgáló Kft.

In the course of developing its accounting policy and accounting procedures, the Company establishes internal controls that reliability assure fulfilment of the Company's objectives in the interest of ensuring the reliability of financial reporting, the effectiveness and efficiency of the various corporate operations, consistency with the latest statutory provisions, and full compliance with the reporting requirements towards the individual regulatory bodies. The detailed tasks relating to the production or reports and to accounting audits are regulated in internal regulatory documents, the scope of which extends to all of the Bank's organisational units involved in the compilation of the financial statements.

An internal regulatory document provides instructions on the account-closing and reporting tasks related to the Company's interim (monthly, quarterly, half-yearly) and annual financial statements, and sets out in a consolidated format the account-closing operations, tasks and

reporting actions to be performed monthly, quarterly, half-yearly and at the end of the year, specifying the deadline for completion of the tasks and the persons responsible.

Another regulatory document instructions on the inventory-taking and reconciliation of general ledger accounts serving the temporary recording of items that, at the time they arise, cannot for various reasons be stated immediately in actual asset or liability accounts, or in accounts that serve to record off-balance sheet items.

Pursuant to the provisions of the Accounting Act (IFRS), the financial statements must be supported with an inventory report. An internal regulatory document sets out in detail the tasks related to inventory-taking, in the interest of assuring the authenticity of the balance sheet through the accurate valuation of assets and liabilities, and ensuring the auditing of records, and through this a strengthening of documentary discipline, the protection of property, and the identification of any depreciated inventory stock and assets that are no longer in use.

In addition to the foregoing, the Company has elaborated and applies detailed accounting procedures, and continuously adapts the related accounting rules in relation to individual new products and activities. The individual internal accounting documents relating to accounting are regularly (annually) reviewed and updated where necessary. The legal, internal auditing and compliance units also participate in the elaboration and amendment of the Bank's internal regulatory documents.

### **1.7. Disclosure of information**

Providing regular, authentic information is essential if the shareholders and the other participants in the capital market are to make sound decisions, and the way in which the Company discloses information also has an impact on its reputation.

The Company performs its disclosures in strict compliance with the provisions of Act V of 2013 on the Civil Code (hereinafter: Civil Code), the Capital Market Act, the Credit Institutions Act, Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers, and the Regulations governing their Activities, Act C of 2000 on Accounting, Ministry of Finance Decree 24/2008 (VIII. 15), Act LXVII of 2019 on the encouragement of long-term shareholder engagement and modification of certain acts with the purpose of legal harmonization, as well as the relevant Regulations of the BSE. In addition, the Company has effective internal regulations that ensure compliance with the obligation to disclose information.

The aforementioned regulations ensure that all material information pertaining to the Company and having a bearing on the price of the Company's shares is published accurately, in full, and in good time.

The Board of Directors describes its business and strategic goals of the given year at every ordinary General Meeting. The proposal to the General Meeting is published by the Company on the website of the Budapest Stock Exchange in accordance with its rules of disclosure and the provisions of the relevant regulations of the BSE.

The Company, in accordance with the statutory regulations, publishes on the Company's website and in its Annual Report the professional careers of the members of the Board of Directors, the Supervisory Board and the management.

The proposal pertaining to the remuneration of the chairman and members of the Board of Directors and the chairman and members of the Supervisory Board constitute a part of the proposals of the General Meeting.

The Company has detailed risk management regulations that include every type of risk (liquidity, market, country, counterparty, credit, operational, compliance) which are consistent

with the statutory regulations pertaining to prudential banking operation. The Annual Report provides information about the Company's risk management practices, the relevant limits and compliance with the limits.

The Company has detailed internal regulations pertaining to insiders and potential insiders that fully comply with the restrictions and prohibitions regulated in detail by the Capital Market Act. In addition, the guidelines pertaining to securities trading by insiders are also available on the website. All transactions involving the Company's shares performed by the members of the Board of Directors and the Supervisory Board are published by the Company in accordance with the rules on disclosure, and the shareholdings in the Company of the officers of the Company (number of shares) are published in the Company's Annual Report.

The Board of Directors has assessed the effectiveness of information disclosure processes in 2021, and found them to be satisfactory.

### ***1.8. Overview of the exercising of shareholders' rights***

#### **Participation in the General Meeting and voting rights**

Shareholders may exercise their right of participation and their voting rights at the General Meeting, in person or by proxy.

The letters of proxy must be set forth in a notarised deed or a private document of full probative force. In the event that a shareholder is represented at the General Meeting by its legal representative (e.g. director, managing director, mayor etc.), the authenticated deed issued by the court or court of registration concerning the right of representation, or a certificate testifying to the election of the mayor, must be presented at the venue of the General Meeting.

The letters of proxy must be handed over at the location specified in the invitation to the General Meeting, within the allotted time. The authorisation shall be valid only for a General Meeting or for a specified period not exceeding twelve months. Unless otherwise regulated, the authorisation shall be valid for the continuation of a suspended General Meeting and for re-convened General Meetings by reason of the lack of quorum. If the letter of proxy was issued outside Hungary, it must satisfy, in terms of its form, the statutory provisions pertaining to the authentication or counter-authentication of documents issued outside Hungary. Information on the subject can be obtained from the Hungarian representation offices abroad.

A condition of participation and voting in the General Meeting is that

- the shareholding as at the time of the shareholder identification procedure is corroborated by the result of the shareholder identification procedure;
- the owner of the shares be validly recorded in the Company's Share Register by the time of its closure as per point 8.4. of the Company's Articles of Association (hereinafter: Articles of Association); and
- the shareholder's shareholding or voting right does not violate the statutory provisions or the provisions of the Articles of Association, which the Company ascertains through a check following receipt of the result of the shareholder identification process from KELER Central Depository Ltd. (hereinafter: KELER Zrt).

Voting at the General Meeting is performed using a computer, with a voting device. The shareholder or the shareholder's proxy, provided that he or she is attending lawfully in

accordance with the provisions of the Articles of Association, may collect the voting device after certifying his or her identity and signing the attendance register at the venue of the General Meeting. If due to technical reasons voting is not possible with the voting device, the voting will take place with the help of voting books. Any given shareholder (including a shareholder represented by a shareholder's proxy) is only entitled to use a single voting device (book of voting slips).

The rules on participation in the General Meeting and the exercising of voting rights on the part of GDR holders are contained in the Custody Agreement concluded between The Bank of New York and the Company.

Further details are contained in the Articles of Association published on our website.

### **1.9. Brief description of the rules related to the conducting of the General Meeting**

The Company requests a shareholder identification procedure for the date of the General Meeting (including any repeated General Meeting), as a corporate event, from the KELER Zrt. The shareholder identification procedure may take place only in the period between the 7th and 5th trading day at the stock exchange prior to the General Meeting (including any repeated General Meeting). The rules pertaining to the shareholder identification process are set out in the latest effective regulations of KELER Zrt.

The Company, at 18:00 Budapest time on the second working day before the General Meeting (or repeated General Meeting), deletes all the data in the Share Register and at the same time registers the results of the shareholder identification process in the Share Register, and closes it with the results of the shareholder identification. After this any entry related to the shareholder's holding may only be made, at the earliest, on the working day following the closure of the General Meeting or following the day of the non-quorate General Meeting.

The General Meeting must be announced in the manner specified in respect of announcements made by the Company, at least 30 days before the projected date of the General Meeting, unless otherwise stipulated in the Civil Code and the Credit Institutions Act. The (extraordinary) General Meeting, that is to decide on a capital increase necessary in order to avoid the proceeding referenced in Section 135 (2) of the Credit Institutions Act, can be announced at least 10 days before the projected date of the meeting.

The invitation must include the following:

- a) the Company's official name and registered office;
- b) the date and place of the General Meeting;
- c) the manner in which the General Meeting is to be held;
- d) the agenda of the General Meeting;
- e) the provisions contained in section 8.5 of the Articles of Association, with the reminder that shareholders may participate in and vote at the General Meeting only in compliance therewith;
- f) information about the place and date of the handing over of the letters of proxy;
- g) in the event that there is no quorum, the place and date of the reconvened General Meeting
- h) the time of ownership verification process and closure of the Share Register,
- i) the fact that in order to exercise shareholder's rights the shareholder must be listed in the Share Register at the time of its closure, but subsequent to this the shares may be freely traded without this affecting the ability to exercise shareholder's rights,
- j) the conditions, stipulated in the Articles of Association, for exercising the shareholder's right to request information,

- k) the conditions, stipulated in the Articles of Association, for exercising the shareholder's right to supplement the agenda of the General Meeting, and
- l) information regarding the time, place and means (including the address of the Company's website) of accessing the motions and proposed resolutions on the agenda of the General Meeting.

Questions not listed on the agenda may be discussed by the General Meeting only if all shareholders are present and they give their unequivocal consent thereto.

The General Meeting is regarded as having a quorum if the votes of the attending shareholders represent more than one-third of the total votes embodied by shares entitling the holder to vote.

If a duly convened General Meeting does not have a quorum, then the repeated General Meeting – convened for the time and date and venue specified in the announcement that is published in accordance with section 8.13 of the Articles of Association – shall have a quorum in respect of the agenda items set forth in the invitation irrespectively of the extent of the voting rights represented by those in attendance. If the agenda of the General Meeting includes a proposal relating to the withdrawal of the shares from any regulated market (hereinafter: delisting), then the repeated General Meeting shall have a quorum in respect of such agenda item if shareholders representing more than half of the votes embodied by the shares conferring voting rights are in attendance.

If a General Meeting that has a quorum cannot pass a resolution in respect of all the items on the agenda, it may decide to suspend the meeting and to convene a follow-up General Meeting, while indicating the new time and place. The General Meeting may only be suspended once, and the follow-up General Meeting must be held within 30 days of the suspension.

In respect of the quorum of a suspended and then reconvened General Meeting (follow-up General Meeting), the general rules apply. The follow-up General Meeting may pass decisions only in respect of the announced agenda items of the original General Meeting in respect of which the original General Meeting did not make a decision.

The General Meeting is chaired by the Chairman of the Board of Directors or another person designated by the Board of Directors who

- opens the General Meeting;
- appoints the person responsible for taking minutes;
- determines whether the General Meeting has a quorum;
- gives and revokes the right to speak;
- formulates resolution proposals and puts them to the vote;
- announces the result of the vote on the basis of the results indicated by the vote counters;
- announces the intermission; and
- closes the General Meeting.

Prior to the opening of the General Meeting, shareholders who have voting devices may notify the Chairman of the General Meeting in writing if they would like to speak in relation to any of the agenda items. The comments made by the shareholders may not be on a topic that is different from the designated agenda item. The Chairman of the General Meeting must grant the right to speak to persons who have indicated their desire to speak in accordance with the above.

The Chairman of the General Meeting may determine the order in which the comments on the given agenda item will be heard, may grant any person the right to speak or may retract such right, with the proviso that the right to speak may be retracted from a shareholder who has indicated his/her wish to speak in writing only if the shareholder's comments depart from the given agenda item despite a warning in this regard. The Chairman of the General Meeting may prohibit the recording in the minutes of comments that are made after the right to speak is retracted, and may terminate the availability of the technical conditions (microphone) for making such comments.

The Chairman of the General Meeting may decide to hold the General Meeting in private, and, with the exception of the members of the Board of Directors, the managing directors specified in the Credit Institutions Act, the members of the Supervisory Board, the auditor, shareholders with voting terminals, and the representatives of such shareholders as well as the representatives of the MNB and the BSE, he may exclude anyone from attending the General Meeting.

The General Meeting passes its resolutions, unless the Articles of Association stipulate otherwise, through a simple majority of the votes of the attending shareholders.

Decisions at the General Meeting are made by open vote.

In its first resolution, the General Meeting selects, from the list proposed by the Chairman of the General Meeting, the attending shareholders who will act as the authenticator of the minutes and the vote counters. In the case of an unsuccessful vote the Chairman of the Meeting must submit a new proposal.

Minutes must be taken of the General Meeting, which must include the following:

- the Company's official name and registered seat;
- the date and place of the General Meeting and the manner in which it is held;
- data necessary for determining whether the General Meeting has a quorum and changes in the number of persons attending;
- the name of the Chairman of the General Meeting, the person taking the minutes, the authenticator of the minutes and the name of the vote counters;
- the most important events at the General Meeting and the proposals made;
- the draft resolutions, in the case of each resolution the number of shares with respect to which valid votes have been cast, the share represented by these votes in the share capital, the number of votes for and against the proposals and the number of those who abstained;
- objections to a resolution by any shareholder and any member of the Board of Directors or the Supervisory Board if the person objecting requests it himself.

The minutes are signed by the Chairman of the General Meeting and the person taking the minutes and are authenticated by an attending shareholder who has been selected for this purpose.

The Board of Directors must send the Company Court an authenticated copy of the minutes of the General Meeting within 30 days after the General Meeting is adjourned, together with the attendance register and the documents that certify that the General Meeting was properly convened.

Further details are contained in the Articles of Association published on our website.

In view of the situation caused by the virus epidemic, on 22 February 2021, the Parliament adopted Act I of 2021 on protection against the coronavirus pandemic, extended the effect of

Government Decree 502/2020. (XI. 16.) on the re-introduction of deviation provisions pertaining to the operation of partnerships and corporations during the state of emergency (hereinafter: Government Decree) until 22 May 2021. In view of this, pursuant to Section 9 of the Government Decree, the resolutions concerning the published agenda items were adopted by the Board of Directors of the Company on 16 April 2021, acting within the powers of the General Meeting.

The Extraordinary General Meeting was held on 15 October 2021, in accordance with the general rules and in the traditional manner, with the personal participation of shareholders, subject to the provisions of Section 3 (1) of the Government Decree, and also taking into account Act I of 2021 on protection against the coronavirus pandemic.

### **1.10. Declaration on Remuneration**

The purpose of this section is to provide the General Meeting of the Bank with information on Act LXVII of 2019 on the promotion of long-term shareholder participation and the amendment of certain laws for the purpose of legal harmonisation (hereinafter: "SRD II Act"). This law is the adaptation in Hungary of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (SRD II).

Pursuant to Section 16 (1) of the SRD II Act, the Bank had established a remuneration policy for directors in accordance with the provisions of the Act, which was approved by the Bank's Board of Directors, acting under the authority of the Bank's General Meeting convened for 30 April 2020, through its Resolution No.92/2/2020 passed by a vote of opinions (hereinafter: "Remuneration Policy").

Pursuant to Section 16 (1) of the SRD II Act, the Bank applies the Remuneration Policy to directors. The personal scope of the Remuneration Policy extends, in accordance with this provision, to the members of the Bank's Board of Directors, Supervisory Board and Audit Committee, as well as to the Chief Executive Officer and Deputy Chief Executive Officers of the Bank (hereinafter: "Directors")

According to the provisions of SRD II Act (Section 16 (2)), the remuneration policy shall contribute to the company's business strategy and long-term interests and sustainability, and shall explain how it does so. To facilitate all of the above, the Bank's Remuneration Policy and Practice includes the following:

- The managers' remuneration is based on value creation. It encourages high performance and appropriate risk-taking in line with the Bank's strategy, as well as a responsible behaviour serving the long-term interests of the Bank (e.g. developing incentives, through the creation of a performance measurement scheme and the use of financial and non-financial indicators, that aligns the managers' individual interests with the Bank's long-term interests).
- The share-based honorarium and performance-based remuneration ensure consistency between the individual interests of the executives and the long-term interests of shareholders and the company, by guaranteeing the long-term commitment of the beneficiaries of share-based honorarium and performance-based remuneration and their commitment to the Bank's sustainable and long-lasting success.
- The objective is to ensure that the Bank's senior management consists of executives with the appropriate skills and competences and with a good business reputation, who contribute to the implementation of the Company's long-term success and strategy (including, in particular, the application of selection criteria aligned with these values and of a competitive wage system adjusted to market conditions, qualifications

and the complexity of the tasks, in an effort to attract and retain the appropriate executive staff).

- Provisions intended to ensure several years' deferral of performance-based remuneration and its subsequent risk adjustment also promote long-term value creation and sustainability, as well as ethical behaviour. These provisions examine eligibility for performance-based remuneration not only at the time that it is awarded, but also before each deferred instalment is paid (in every year of the deferral cycle), thereby ensuring that the performance measurement process is indeed based on long-term results and, where appropriate, any disbursed performance-based remuneration can be reclaimed.

Pursuant to Section 16 (3)-(4) of the SRD II Act, the remuneration policy must be clear and comprehensible, with the proviso that the company is not obliged to make public in the remuneration policy information the disclosure of which would seriously compromise its business interests or its rights to business secrecy. In our opinion, with an accurate, comprehensive and easy-to-understand description and clear wording of the rules, the Bank's Remuneration Policy complies with the aspects of clarity and comprehensibility.

Section 16 (5) of the SRD Act II stipulates that the company may pay the directors remuneration only on the basis of a remuneration policy submitted to the General Meeting for a vote of opinions, in accordance with the provisions of Section 3:268 (2) of the Civil Code.

The Bank ensures compliance with this provision by the Remuneration Policy having been approved by the Board of directors, acting under the authority of the Bank's General Meeting convened for 30 April 2020, through Resolution No. 92/2/2020. In view of the fact that, pursuant to Section 29 (3) of the SRD II Act, the Remuneration Policy was to be adopted in 2020 and was required to be applied for the first time to the year 2021, only payments made after 1 January 2021 were relevant in terms of compliance, after which date no payments were made in non-compliance with the provisions of the Remuneration Policy.

The Remuneration Policy contains all the content elements listed in Section 17 (1)-(3) of the SRD II Act, as follows:

- The specification of the various fixed and variable components of the remuneration, including all forms of remuneration and other benefits that may be provided to directors, indicating their relative proportions, is comprehensively set out in Sections II and III of the Remuneration Policy.
- The description of how the remuneration and employment conditions of the company's employees were taken into account during the elaboration of the remuneration policy is contained in Section VIII of the Remuneration Policy.
- The duration of the contracts concluded with the directors for employment or performance of office and the related remuneration, the applicable notice periods, the main characteristics of supplementary pension or early retirement schemes, as well as the terms of the termination and payments linked to termination are contained in Section IV of the Remuneration Policy.
- The presentation of the decision-making process followed for the determination, review and implementation of the remuneration policy, including, measures to avoid or manage conflicts of interests, as well as the role of the remuneration committee or other committees concerned is contained in Section IX of the Remuneration Policy.
- In connection with share-based remuneration, the vesting periods, possibly the retention of shares after vesting, and an explanation of how share-based

remuneration contributes to the company's business strategy, long-term interests and sustainability are set out in Chapter V of the Remuneration Policy.

- In respect of variable remuneration, the clear, comprehensive and varied criteria for the award of the variable remuneration and the applicable financial and non-financial performance criteria – including in particular criteria relating to corporate social responsibility – and an explanation of how they contribute to the Company's business strategy, long-term interests and sustainability, as well as the methods to be applied to determine to which extent the performance criteria have been fulfilled are contained in Section VI to the Remuneration Policy.

In connection with these criteria, it needs to be emphasised that the objectives defined in the Remuneration Policy must be sufficiently long-term and comprehensive to ensure that they remain standard and relevant in a continuously changing business environment even over several-year cycles, and that their public accessibility does not prejudice the Bank's legitimate business interests (in line with Section 16 (4) of SRD II Act).

The Bank uses a KPI library containing some 120 quantitative and qualitative objectives, and each of the objectives defined in this KPI library in respect of the Directors corresponds to a comprehensive criterion set out in Section VI of the Remuneration Policy. In each case, the specific objectives of a given Director are selected from the objectives contained in the KPI library, which, in the given business year, clearly define the business objectives relevant to the area of responsibility of the Director concerned. Nevertheless, the objectives set for the Directors always follow the two-tier objective structure set out in the Remuneration Policy (both institutional and individual objectives are to be defined). In accordance with the provisions set out in the Remuneration Policy, these objectives also include objectives related to corporate social responsibility.

- In connection with variable remuneration, information on any deferral periods and on the possibility for the company to reclaim variable remuneration is set out in Section VII of the Remuneration Policy.

Section 17 (4) of the SRD II Act stipulates that, in the event that the remuneration policy is revised, the revised policy must describe and explain all significant changes occurred since the most recent votes by the general meeting of shareholders, as well as a presentation of how it takes into account the votes and views of shareholders regarding the remuneration policy and the reports. As the Remuneration Policy was first adopted in 2020 and, according to Section 3:268 (2) of the Civil Code, only needs to be put on the agenda of the General Meeting "in the event of a significant change thereof, but at least every four years", the possibility of revising the policy has not arisen to date, as there have been no significant changes to the Remuneration Policy since its adoption. Accordingly, this section of the SRD II Act has not been applied to date.

Pursuant to Section 17 (5) of the SRD II Act, departures from the remuneration policy are only accepted in exceptional cases, and temporarily. Since the application of the adopted Remuneration Policy started on 1 January 2021, there has been no departure from the prescribed rules, so compliance with the law can be established in this respect as well.

Section 18 of the SRD II Act stipulates that, after the vote on the remuneration policy at the general meeting, the remuneration policy together with the date and the results of the vote must be made public without delay on the website of the company, and that the remuneration policy must remain publicly available, free of charge, at least as long as it is applicable. The Bank complies with the above requirements, as the Remuneration Policy was published immediately after its approval – together with the decision adopting it – and it is still available free of charge (starting from page 60) at the following link:

[https://www.otpbank.hu/static/portal/sw/file/200430\\_hatarozatok\\_082.pdf](https://www.otpbank.hu/static/portal/sw/file/200430_hatarozatok_082.pdf)

Pursuant to Section 22 (2) of the SRD II Act, the provisions of the SRD II Act applicable to remuneration reporting shall apply to credit institutions and investment firms only if this is requested by Magyar Nemzeti Bank in its resolution. In the absence of such a decision, the Bank shall continue to fulfil its obligation to disclose information in compliance with Article 450 of Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 ("CRR"). The Bank fulfilled the above obligation to disclose information in 2021 as well. The published remuneration information is available at the following link (pages 64-72 of the document):

[https://www.otpbank.hu/static/portal/sw/file/210416\\_Nyilvanossagra\\_hozando\\_informaciok\\_033.pdf](https://www.otpbank.hu/static/portal/sw/file/210416_Nyilvanossagra_hozando_informaciok_033.pdf)

### ***1.11. Evaluation of the work of the Board of Directors, the Supervisory Board and the management***

In accordance with the expectations of the supervisory authority, the execution capabilities of the Board of Directors, the Supervisory Board and the management were evaluated with respect to the affected managers, in the framework of the 2021 annual performance evaluation. The evaluation was performed along the following dimensions: business thinking, business and operational development, governance, relationship and resource management, integrity and personal drive. Based on the results of the evaluation, no issue has arisen that would necessitate action.

Within the group of managers concerned, during the evaluated period – based on the conflicts of interest policy, code of ethics, or human risk criteria – no conflict of interest or issue relating to the independence of the managers has arisen.

### ***1.12. Description of the diversity policy applied with respect to the undertaking's administrative, management and supervisory bodies***

The Bank defines and regulates the requirements relating to executive officers in compliance with the requirements and guidelines under European Union and domestic law that fundamentally determine the operation of credit institutions.

When nominating the members of its management bodies (Board of Directors, Supervisory Board) the Bank, and when appointing the members of the Management, the Board of Directors, gives priority to the possession of professional expertise, advanced interpersonal and management skills, varied academic qualifications, wide-ranging business experience and good standing, but they are also strongly committed to taking effective steps to ensure diversity in connection with the Company's operation, including efforts to steadily improve the rate of participation by women. Without prejudice to the above principles, the Bank also strives to ensure that both genders are represented among the candidates during the selection process for members of management bodies. In 2021, the Bank's Nomination Committee adopted the Bank's Gender Equality Strategy, which is available at the link below: [https://www.otpbank.hu/static/portal/sw/file/Strategia\\_nemi\\_egyenloseg\\_megteremtese\\_20210707.pdf](https://www.otpbank.hu/static/portal/sw/file/Strategia_nemi_egyenloseg_megteremtese_20210707.pdf)

The Bank's Nomination Committee constantly monitors the applicable European Union and domestic regulations, with the purpose of taking the necessary steps without delay should clearly expressed expectations be announced. The Bank's current strategy is to have at least one female member on both the Management Board and the Supervisory Board.

It should be borne in mind, however, that as a public limited company the election of members of the management bodies is the exclusive prerogative of the General Meeting, over which the Bank has no substantive influence beyond fully complying with the above criteria.

Pursuant to the Bank's Articles of Association, a Board of Directors with 5-11 members and a Supervisory Board with 5-9 members operate at the Bank. The present Board of Directors has 11 members, including one female member, while the Supervisory Board has 6 members, including one female member. The Bank's senior management currently consists of 6 persons, none of whom are women.

### **1.13. Legal background**

The Bank Group complies with the prevailing corporate law and prudential legal provisions during its operation. OTP Bank Plc., which acts as the controlling credit institution, controls the members of the Bank Group with consideration to Hungarian law and the local law pertaining to each foreign subsidiary.

Pursuant to Section 3:112 (3) of the Civil Code, the Bank may give instructions to the executive officers of single-person companies owned 100% by the OTP, which the executive officer is obliged to comply with.

### **1.14. Group structure**

The Bank Group includes OTP Bank, its Subsidiaries and all Companies operating in Hungary or abroad in which OTP Bank or its Subsidiaries have, directly or indirectly, Controlling Interest or Minority Interest.

### **1.15. Governance structure**

#### **Features of the governance model**

The operation of the OTP Bank Group is implemented in a matrix model that best suits the specifics of the group, through ownership and professional/functional governance.

The applied model is used to ensure that the multinational organization consisting of banking group members of different sizes, operating in different market environments and being at different levels of development are managed according to uniform principles but taking into account local characteristics, optimizing business efficiency at the group level.

#### **Types of governance**

*Ownership governance* means the direct enforcement of interests, the exercise of the rights of ownership of the parent company as enshrined in law. The parent bank enforces its interests as owner at the general meeting and through the governing bodies and chairpersons of the subsidiary's governing body.

*Professional and functional governance* is the set of activities through which the parent bank's professional support/operation/service functions transfer knowledge and experience or provide services to the respective functions of the subsidiaries or directly control their operation. A key element and content of the system is the sharing of best practices at the group level, the promotion of operation at the expected professional level, and the provision of professional support to group members.

## **1.16. Operating structure**

### **Managers of the Bank's operation based on organizational hierarchy**

The Chairman & CEO controls and supervises the Bank's daily operation in order to ensure that it takes place within the framework of the law and the Bank's Articles of Association and in accordance with the decisions of the General Meeting and the Board of Directors.

Under the direction of the Chairman & CEO, each of the central professional areas and functions, with due regard to their logical and professional connections, are led by Deputy CEOs (Heads of Divisions). The current manager in charge of the Bank's Group Governance and Operations Division is responsible for providing the framework for group governance, with the proviso that each head of division, head of business area and functional area manager is also responsible for group-level business and functional governance.

## **1.17. Reporting lines**

The reporting pathways of the Bank are well regulated and documented both within the Bank Group and concerning outsourced activities.

The Group Operational Risk Management Committee is responsible for the appropriate operation of the reporting pathways required by law and expected by the management.

## **1.18 ESG organisation**

In November 2020, the Bank's Management Committee launched the Bank's ESG Programme, in which all ESG-related areas of the Bank, including units concerned by matters of climate change and exposed to environmental risk, actively participated. The Programme also had steering and operational committees. The ESG Steering Committee reported regularly to the Bank's governing bodies on the Programme's activities and achievements. In 2021, a conceptual proposal was prepared for the establishment of the functional units that constitute the Bank's standing ESG organisation, i.e. the ESG Committee, the ESG Sub-Committee and the control function as defined in Point 14 of the MNB Green Recommendation, which was discussed and unanimously approved by both the Management Committee and the Board of Directors. With the decision of the Board of Directors on 17 November 2021, the ESG Committee as standing committee and the ESG Sub-Committee were included in the Organisational and Operational Regulations, and the tasks, responsibilities and reporting obligations of the relevant organisational units were defined. The ESG Committee is responsible for defining the ESG strategy, plans and policies of the Bank and the Bank Group. The ESG Committee gives its prior opinion on all ESG-related proposals to be submitted to the governing bodies. The ESG Sub-Committee is the standing decision-preparation forum of the ESG Committee, and performs coordinating, consulting and implementing duties in the context of its technical support work.

## **2.) CG Report on compliance with the Corporate Governance Recommendations**

As part of the Corporate Governance (CG) Report, the Company states, by completing the following tables, the extent to which it has implemented the recommendations and guidances specified in the specific sections of the Corporate Governance Recommendations (hereinafter: CGR) of the Budapest Stock Exchange in its own corporate governance practice.

By looking at the tables, market participants are able to gain a quick insight into the extent to which the corporate governance practices of particular companies comply with certain requirements specified in the CGR, and to quickly compare the practices of various companies.

### **Level of compliance with the Recommendations**

The company specifies whether it has applied the relevant recommendation or not, and if not, it describes briefly the reasons why a particular recommendation has not been implemented.

**1.1.1. The Company has an organisational unit that deals with investor relations or a designated person that performs these tasks.**

Yes

**1.1.2. The Company's Articles of Association are accessible on the Company's website.**

Yes

**1.1.4. If the Company's Articles of Association allow shareholders to exercise their rights in their absence, the Company has published the methods and conditions for doing so, including all necessary documents.**

Yes

**1.2.1. The Company has published on its website a summary document with the rules applicable to the conduct of its General Meetings and to the exercise of voting rights by shareholders.**

Yes

**1.2.2. The Company has published the precise date when the circle of those eligible to participate in a given company event is determined (effective date), and has also published the last date when the shares granting eligibility for participating in the given company event are traded.**

Yes

**1.2.3. The Company held its General Meetings by ensuring that as many shareholders can attend as possible.**

Yes

**1.2.6. The Company has not restricted the rights of shareholders to designate a different representative for each of their securities accounts at any General Meeting.**

Yes

**1.2.7. For proposals for the agenda items, in addition to the Board of Directors' draft resolution, the Supervisory Board's opinion was also disclosed to shareholders.**

Yes

**1.3.3. The Company has not restricted the rights of shareholders attending a General Meeting to request information, add comments and submit proposals, and has not set any preconditions for these, unless measures were taken in the interest of conducting the General Meeting in accordance with the rules and with its intended purpose.**

Yes

**1.3.4. By answering the questions raised at the General Meeting, the Company has ensured compliance with the information provision and disclosure principles set out in the legal and stock-exchange requirements.**

Yes

**1.3.5. The Company published on its website, within three working days after the General Meeting, its answers to questions that the representatives of the Company's boards or any auditor present were unable to satisfactorily answer at the time, or information as to why it refrained from offering answers.**

Yes

**1.3.7. The Chairman of the General Meeting ordered a recess or suggested that the General Meeting be postponed when a motion or proposal relating to a particular issue on the agenda was submitted which the shareholders did not have a chance to become familiar with before the General Meeting.**

Yes

**1.3.8.1. The chairperson of the General Meeting did not use a combined voting procedure for a decision related to electing and recalling senior officers and Supervisory Board members.**

Yes

**1.3.8.2. For senior officers or Supervisory Board members, whose nominations were supported by shareholders, the Company disclosed the identity of the supporting shareholder(s).**

Yes

**1.3.9. Prior to discussing agenda items concerning the amendment of the Articles of Association, the General Meeting passed a separate resolution to determine whether to decide on each amendment of the Articles of Association by individual votes, joint votes, or votes combined in a specific manner.**

Yes

**1.3.10. The Company published the minutes of the General Meeting containing the resolutions, the description of the draft resolutions and any important questions and answers related to the draft resolutions within 30 days following the General Meeting.**

Yes

**1.6.1.1. The Company's disclosure guidelines include electronic and internet disclosure procedures.**

Yes

**1.6.1.2. The Company's website has been created with due regard to the disclosure guidelines, and with a view to providing appropriate information to investors.**

Yes

**1.6.2.1. The Company has internal regulations in place with respect to disclosure (publication), which covers the treatment of the information listed in Section 1.6.2 of the Recommendations.**

Yes

**1.6.2.2. The internal regulations of the Company cover the classification of events that are material in terms of disclosure.**

Yes

**1.6.2.3. The Board of Directors has assessed the effectiveness of disclosure processes.**

Yes

**1.6.2.4. The Company has published the findings of its assessment of the disclosure processes.**

Yes

**1.6.3. The Company has published its annual corporate event calendar.**

Yes

**1.6.4. The Company has published its strategy, its business ethics policy and its guidelines related to other stakeholders.**

Yes

**1.6.5. The Company has published information on the careers of Board of Directors /Governing Board, Supervisory Board and management members in its annual report or on the company website.**

Yes

**1.6.6. The Company has published all relevant information about the work of the Board of Directors/Governing Board, the Supervisory Board and the management, the assessment of such work and any changes thereto in the current year.**

Yes

**1.6.8. The Company has published its risk management guidelines and information about its system of internal controls, the main risks and the principles applied in their management.**

Yes

**1.6.9.1. The Company has published its guidelines relating to the trading of its shares by insiders (insider dealing).**

Yes

**1.6.9.2. The Company has disclosed the share of the Board of Directors/Governing Board, Supervisory Board and management members in the securities issued by the Company in the annual report or in some other manner.**

Yes

**1.6.10. The Company has disclosed the relationship of Board of Directors/Governing Board, Supervisory Board and management members with third parties which could affect the operation of the Company.**

Yes

**2.1.1. The Company's Articles of Association contain clear provisions regarding the responsibilities and competences of the General Meeting and the Board of Directors/Governing Board.**

Yes

**2.2.1. The Board of Directors/Governing Board has rules of procedure in place defining the tasks related to the preparation and conduct of meetings, and to the adopted resolutions, as well as other issues related to the operation of the Board of Directors/Governing Board.**

Yes

**2.2.2. The Company has published the procedure for nominating Board of Directors/Governing Board members.**

Yes

**2.3.1. In its rules of procedure and its work plan, the Supervisory Board provides a detailed description of its operation and duties, as well as the administrative procedures and processes followed by it.**

Yes

**2.4.1.1. The Board of Directors/Governing Board and the Supervisory Board held meetings periodically at predefined intervals.**

Yes

**2.4.1.2. The rules of procedure of the Board of Directors/Governing Board and the Supervisory Board provides rules for the conduct of meetings that cannot be planned in advance, and for decision-making using electronic means of communication.**

Yes

**2.4.2.1. The board members had access to the proposals of the given meeting at least five working days before the given meeting.**

Yes

**2.4.2.2. The Company ensured the appropriate conduct of the meetings, the drawing up of minutes on the meetings, and the management of the documentation and the resolutions of the Board of Directors/Governing Board and the Supervisory Board.**

Yes

**2.4.3. The rules of procedure stipulate the regular and occasional participation in the board meetings of non-board members.**

Yes

**2.5.1. The members of the Board of Directors/Governing Board and the Supervisory Board were nominated and elected through a transparent process, and the information on the candidates was made public in due time before the General Meeting.**

Yes

**2.5.2. The composition and size of the boards comply with the principles set out in Section 2.5.2 of the Recommendations.**

Yes

**2.5.3. The Company ensured that the newly elected board members became familiar with the structure and operation of the Company and their tasks to be performed as members of the respective boards.**

Yes

**2.6.1. The Governing Board/Supervisory Board requested (in the context of preparing the annual corporate governance report) those of its members that are considered independent to confirm their independence at regular intervals.**

Yes

**2.6.2. The Company provided information about the tools which ensure that the Board of Directors/Governing Board assesses the management's activities objectively.**

Yes

**2.6.3. The Company has published on its website its guidelines concerning the independence of the Board of Directors / Supervisory Board and the applied criteria of independence.**

Yes

**2.6.4. The Supervisory Board of the Company has no members who have held any position in the Board of Directors or in the management of the Company in the preceding five years, not including cases when they were involved to ensure employee participation.**

Yes

**2.7.1. The members of the Board of Directors/Governing Board informed the Board of Directors/Governing Board (the Supervisory Board/Audit Committee) if they (or individuals they have business relations with, or their relatives) have an interest in any business transactions of the Company (or any subsidiaries thereof) that prejudices their independence.**

Yes

**2.7.2. Transactions and assignments between members of boards/members of the management (or individuals closely associated with them) and the Company (or its subsidiaries) were carried out and approved in accordance with the Company's general business practices, but applying more stringent transparency rules as compared with such general business practices.**

Yes

**2.7.3. Board members informed the Supervisory Board/Audit Committee (Nomination Committee) if they received a request to sit on a board or take up a management position at a company not belonging to the Company Group.**

Yes

**2.7.4. The Board of Directors created guidelines pertaining to the flow of information within the Company as well as the management of insider information and supervises compliance therewith.**

Yes

**2.8.1. The Company has established an independent internal audit function that reports directly to the Audit Committee/Supervisory Board.**

Yes

**2.8.2. Internal Audit has unrestricted access to all information necessary for carrying out audits.**

Yes

**2.8.3. Shareholders have received information about the operation of the system of internal controls.**

Yes

**2.8.4. The Company has a function ensuring compliance (compliance department).**

Yes

**2.8.5.1. The Board of Directors or the committee operated by it is responsible for the supervision and direction of the Company's entire risk management operations.**

Yes

**2.8.5.2. The relevant organisation of the Company and the General Meeting received information about the effectiveness of the risk management procedures.**

Yes

**2.8.6. With the involvement of the relevant areas, the Board of Directors/Governing Board developed the basic principles of risk management, taking into account the unique features of the industry and the Company.**

Yes

**2.8.7. The Board of Directors/Governing Board defined the principles for the system of internal controls to ensure the management and control of the risks affecting the Company's activities as well as the achievement of its performance and profit objectives.**

Yes

**2.8.8. The functions of the internal control system reported on the operation of the internal control mechanisms and the corporate governance functions to the competent board at least once a year.**

Yes

**2.9.2. The Board of Directors/Governing Board invited the Company's auditor in an advisory capacity to meetings involving discussion of the financial reports.**

Yes

## **Level of compliance with the guidances**

The Company must specify whether it applies the relevant proposal of the CGR or not (Yes/No). The Company also has the opportunity to justify any deviation from such proposals.

**1.1.3. The Company's Articles of Association provide an opportunity for shareholders to exercise their voting rights in their absence.**

Yes

**1.2.4. The Company determined the place and time of General Meetings initiated by shareholders by taking the initiating shareholders' proposal into account.**

Yes

**1.2.5. The voting procedure used by the Company ensures a clear, unambiguous and rapid determination of voting results, and in the case of electronic voting, the validity and reliability of such results.**

Yes

**1.3.1.1. The Board of Directors and the Supervisory Board were represented at the General Meeting.**

Yes

**1.3.1.2. In the event of the absence of the Board of Directors/Governing Board and the Supervisory Board, information thereon was disclosed by the Chairman of the General Meeting before discussion of the agenda items.**

Yes

**1.3.2.1. The Articles of Association of the Company do not preclude any individuals from receiving an invitation to the General Meetings of the Company at the initiative of the Chairman of the Board of Directors/Governing Board and being granted the right to express their opinion and to add comments, if that person's presence and expert opinion is thought to be necessary, and they also help in the provision of information to shareholders and for the General Meeting to make decisions.**

Yes

**1.3.2.2. The Articles of Association of the Company does not preclude any individual from receiving an invitation to the General Meetings of the Company at the initiative of shareholders requesting to supplement the agenda items of the General Meeting and from being granted the right to express their opinion and to add comments.**

Yes

**1.3.6. The annual report of the Company, prepared pursuant to the Accounting Act, contains a brief, easy-to-understand and illustrative summary for shareholders, including all material information related to the Company's operations for the year.**

Yes

**1.4.1. In line with Section 1.4.1, the Company paid dividends within 10 working days to its shareholders who had submitted all the necessary information and documents.**

Yes

**1.6.11. The Company has published its information notices in English as well, in line with the provisions of Section 1.6.11.**

Yes

**1.6.12. The Company informed its investors about its operations, financial situation and assets on a regular basis, but at least on a quarterly basis.**

Yes

**2.9.1. The Company has internal procedures in place regarding the use of external advisors and of their outsourced services.**

Yes

**5/2/2022**

**1. Determination of the date of the reconvened General Meeting**

**Proposed text:**

[The Company's General Meeting]

8.18. If a properly convened General Meeting is inquorate, the reconvened General Meeting – convened at the time and place specified in the notice described in section 8.13. – shall be quorate with respect to the items on the original agenda, regardless of the extent of voting rights represented by those in attendance. A reconvened General Meeting may be convened on the same starting date as the inquorate General Meeting. A reconvened General Meeting shall be convened no later than twenty-one days after the date of the inquorate General Meeting. Should the agenda of the General Meeting contain a proposal regarding the termination of trading in the shares in all regulated markets (hereinafter: delisting), the reconvened General Meeting shall have a quorum with regard to this agenda item if the shareholders representing more than half of the votes embodied by the voting shares are in attendance.

**2. Amendment of the regulation of the financial assistance**

**Proposed text:**

[The Company's General Meeting]

8.33. The General Meeting has exclusive authority with respect to the following matters:

23. the provision of financial assistance to a third party for the acquisition of shares issued by the company; (qualified majority). The General Meeting does not have exclusive competence over transactions that directly or indirectly facilitate the acquisition of shares by employees of the Company, including employees of companies controlled by the Company, or by organizations set up by their employees for such purpose, or transactions entered into by the Company in the ordinary course of business.

**3. Change in the address of the MNB's publication website**

**Proposed text:**

[Notices]

15.1. The Company publishes its notices specified in the statutory regulations and in these Articles of Association and announcements on its own website ([www.otpbank.hu](http://www.otpbank.hu)), on the website of the Budapest Stock Exchange (BSE) ([www.bet.hu](http://www.bet.hu)), and on the website operated by the Supervisory Authority (<https://www.kozzetetelek.mnb.hu>).

7/2022

## GROUP-LEVEL REMUNERATION GUIDELINES OF OTP BANK PLC.

The Bank Group's Remuneration Policy is an integral part of the corporate governance system and must be enforced throughout the entire Bank Group. The Bank Group's Remuneration Policy, in keeping with the relevant European Union directive, is consistent with effective and successful risk management, and in accordance with its purpose, it does not encourage the assumption of risks that exceed the risk-assumption limits of the Bank and Bank Group-member subsidiaries, and furthermore it is consistent with the business strategy, objectives, values (including environmental and social responsibility as well as the requirements of good governance) and long-term interests of the Bank and Bank Group-member subsidiaries, and it promotes the achievement of this.

### 1. The objective of the Remuneration Policy

The objective of the Bank Group's Remuneration Policy is, within the Bank Group's risk-tolerance capacity, to acknowledge the contribution of those managers and employees of OTP Bank Plc. and the Bank Group Subsidiaries who, through their professional activity, have a material impact on the risk profile of the individual institutions operating within the Bank Group, towards the achievement of bank and group-level results, and to provide an incentive for their performance. The Bank Group's Remuneration Policy is gender-neutral; it is based on the principle of equal pay for men and women for equal work or work of equal value.

### 2. Institutional and personal scope of the Remuneration Policy

The institutional scope of the Bank Group's Remuneration Policy covers OTP Bank Plc., as well as all its subsidiaries that are rendered subject to consolidated supervision by the National Bank of Hungary, with the proviso that the fund management companies (UCITS, AIFMD), are not, as a general rule, subject to institutional scope, unless the Bank's Supervisory Board extends the institutional scope to them.

Within this institutional circle, the personal scope of the Bank Group's Remuneration Policy is determined, in accordance with the applicable EU regulations, on the basis of qualitative criteria drawn from the risk profile of the institutions operating within the Bank Group, as well as quantitative criteria determined by income level. To ensure fulfilment of the qualitative criteria, the Bank applies a comprehensive risk-analysis procedure, in keeping with the group's business and risk strategy, based on which it performs an assessment at least three times a year for the purpose of identifying employees that exercise a material impact on the risk profile. The Bank takes the qualitative and quantitative criteria into account in accordance with the prevailing statutory requirements.

**Belonging under the scope of the Bank Group Remuneration Policy** are those senior officers and regular employees who, based on qualitative and quantitative criteria defined in Commission Delegated Regulation (EU) No 2021/923 and in accordance with the provisions of the Bank Group Remuneration Policy, exercise a material impact on the Bank Group's operation and risk

profile at consolidated level, or on the operation and risk profile of the individual institutions of the Bank Group at sub-consolidated or local level.

The Bank's Supervisory Board decides on the persons that fall under the scope of the Bank Group's Remuneration Policy based on the following criteria:

- In the case of those employees who are identified purely by quantitative criteria, the Bank's Supervisory Board is entitled to consider whether they exercise a material impact on the risk profile through their professional activity, and in the absence of such impact, it may decide to exclude the persons concerned from the scope of application of the remuneration policy, with the prior permission of the National Bank of Hungary.
- Those subsidiaries that are not classed as credit institutions or investment firms and that represent less than 2% of the internal capital composition of the Bank Group or of a sub-consolidated group of an institution shall not qualify as material business units. Senior officers and regular employees of subsidiaries not classed as material business units are not, as a general rule – and in the absence of fulfilment of other identification criteria – regarded by the Bank as exercising a material impact on the risk profile of an institution.
- Persons who have not been identified by the criteria defined in Commission Delegated Regulation (EU) No 2021/923, but who through their activity may exercise a material impact on the Bank's operation and/or risk profile, may be brought by the Bank's Supervisory Board under the personal scope of the remuneration policy.

### **3. The framework for applying the Bank Group's Remuneration Policy to the subsidiaries**

All basic decisions relating to the remuneration policy shall be made by OTP Bank Plc., while the subsidiaries shall be responsible for complying with the local statutory provisions and obligations.

- As a general rule, **the Bank Group Remuneration Policy** covers staff identified at the parent bank, as well as identified staff at subsidiaries that do not belong under the effect of the local remuneration policy.
- **The local remuneration policies prepared by the foreign institutions operating within the Bank Group** – that transpose the provisions of the Bank Group Remuneration Policy to the local statutory environment of the individual countries – cover, as a general rule, the staff employed in the sub-consolidated group of the foreign institution who exercise a material impact on the risk profile of a bank-group institution.
- **Subsidiaries classifying as fund management companies operating in the European Union are entitled to adopt remuneration policies in accordance with the provisions of the Bank Group's Remuneration Policy**, in addition to the remuneration policy established on the basis of the supervisory regulations governing them, if the institutional scope of the Bank Group's Remuneration Policy is extended to them by the Bank's Supervisory Board.

#### 4. The ratio of basic remuneration and performance-based remuneration

The **members of the Board of Directors** and the **Supervisory Board** receive an honorarium of a fixed amount for their work in this capacity, and do not receive performance-based remuneration.

For other persons falling under the effect of the remuneration policy, the remuneration consists of basic remuneration and performance-based remuneration. As a general rule, the elements of the basic remuneration are the basic salary and the benefits payable to all employees in the same position, on equal terms. The basic remuneration may not be subject to the performance of those entitled to it, or to the discretionary decision of the employer.

The ratio of basic remuneration to performance-based remuneration is determined by the OTP Bank Plc.'s Supervisory Board, on the basis of the function, size and complexity of the organisation managed. In respect of the staff identified at sub-consolidated and local level, the Supervisory Board may assign this power – within the framework defined in these Guidelines – to the head of the Bank's Human and Organisational Development Directorate. The ratio of performance-based remuneration cannot exceed 100% of the basic remuneration for each person concerned. The maximum ratio of performance-based remuneration achievable in the case of a general bonus limit or in the case of joint application of a general and an exceptional bonus limit is determined for each individual separately, taking into account the above limit.

In determining the general bonus limit, the ratio of performance-based remuneration to total remuneration, depending on the function performed and the organisational position occupied by the senior officer or employee concerned, in the case of subsidiaries classed as institutions operating within the Bank Group may vary within the bands set according to the following, with the proviso that the Supervisory Board of OTP Bank Plc. may – with consideration to the risk associated with retaining key staff as well as to local labour market practices – authorise departures from the specified bands:

		Levels							
		Level 1		Level 2		Level 3		from Level 4	
		min.	max.	min.	max.	min.	max.	min.	max.
Type of position	Business	30%	40%	20%	40%	11%	40%	0%	25%
	Support	-	-	20%	40%	0%	34%	0%	25%
	Control	-	-	20%	40%	0%	34%	0%	25%

The ratios of performance-based remuneration determined in respect of the general bonus limit in the case of subsidiaries not classed as institutions operating within the Bank Group, depending on the function performed and the organisational position occupied by the senior officer or employee concerned, may vary within the bands set according to the following, with the proviso that the Supervisory Board of OTP Bank Plc may – with consideration to the risk associated with retaining key staff as well as to local labour market practices – authorise departures from the specified bands:

Levels					
Level 1		Level 2		from Level 3	
min.	max.	min.	max.	min.	max.
14%	40%	7%	40%	0%	30%

Where an exceptional bonus limit is determined, the performance-based remuneration that may be granted to the senior officer or employee concerned from the exceptional bonus limit may, as a general rule, not exceed 50% of the individual's performance-based remuneration determined based on the general bonus limit.

In the event of exceptional individual performance, a senior officer or employee may be granted payment from the general bonus limit as well, in an extent exceeding the performance-based remuneration ratio determined with respect to the general bonus limit but not exceeding the performance-based remuneration ratio determined for the joint application of the general and the exceptional bonus limit, provided that such payment is covered by the general bonus limit.

#### **5. The method of performance assessment linked to performance-based remuneration**

In the case of **managers employed by OTP Bank Plc.**, performance is assessed on the basis of criteria that measure performance at the bank-group and at the individual level (financial indices and indices measuring the quality of work).

In the case of the **managers of the Bank Group's subsidiaries**, performance is assessed on a differential basis, in view of the nature of the companies' respective activities.

Bank Group-level performance is, based on the decision of the Supervisory Board, assessed by applying the group-level RORAC+ indicator (risk-adjusted ROE/ER) or the group-level RORAC indicator or the group-level Economic Value Added (EVA) indicator.<sup>11</sup>

The group-level RORAC+ indicator measures the return on equity relative to the expected return, the group-level RORAC indicator measures the return on capital adjusted by the risk of the activity, whereas the EVA indicator measures the nominal value generation capacity of the bank group, as the difference between the profit produced by the group and the expected yield on the regulatory capital required for this purpose.

The target value of the bank group-level indicator chosen for evaluating performance is determined by the Bank's Supervisory Board based on the approved financial plan for the given year. The Supervisory Board may modify the target value in response to statutory changes implemented after the determination thereof and/or changes in market circumstances that have a significant objective effect on the Bank Group's profit and/or the achievement of the target values set.

With regard to the financial indicators used for performance assessment, the Supervisory Board may set a performance threshold below which the employee is not entitled to performance-based remuneration, furthermore, it may also specify a tolerance threshold above which not only the measured performance, but subjective considerations may also be taken into account in assessing the actual performance. If the value of the bank group or institution-level financial

<sup>11</sup>This index is calculated on the basis of the figures of Hungarian and foreign group members that were subject to consolidation throughout the entire economic year assessed.

indicators reach the tolerance threshold, only the Supervisory Board is entitled to recognise any performance deviating from the measured performance, provided that the performance is adversely affected by objective circumstances.

In order to integrate sustainability risks into performance measurement, the Bank sets objectives related to compliance-conscious behaviour and social responsibility as an indicator of the quality of work, at least for bank managers and top managers of subsidiaries who have a significant impact on the Bank's risk profile at the consolidated level.

## **6. Determining entitlement to performance-based remuneration**

The decision regarding the maximum amount (general bonus limit) that may be spent on performance-based remuneration for the assessed year, taking the Bank Group's performance into account, is made by the Supervisory Board within 45 days following the annual General Meeting closing the year in question. If the previous business year's business performance was exceptional, the Supervisory Board may also decide to set an exceptional bonus limit. Exceptional bonus limits may be set individually for each company operating within the Bank Group, provided that the exceptional business performance of the company concerned is demonstrated. Payments from the exceptional bonus limit – even if all other conditions are met – is only possible if ratio between the payment that can be executed at group level jointly from the general and the exceptional bonus limit and the Bank's consolidated common equity does not exceed 2%.

In respect of the general bonus limit, eligibility for performance-based remuneration, and the extent of the annual award are determined, proportionately with fulfilment of the corporate and individual targets,

- by the Board of Directors on the basis of a proposal by the Remuneration Committee in the case of the Chairman & CEO of OTP Bank Plc.,
- by the manager exercising employer's rights in the case of managers employed by the Bank, with the proviso that in respect of the heads of Risk Management, Internal Audit and Compliance the Remuneration Committee shall have the right of joint decision-making,
- in the case of the chief executives and the employees of the Bank Group subsidiaries identified at consolidated level, the body exercising owner's rights
- in the case of the managers of Bank Group subsidiaries identified at sub-consolidated and local level – not including the chief executive – and in knowledge of the position on the matter of the manager exercising employer's rights, the chief executive

with due consideration to any restrictive decision by the Supervisory Board.

If the Supervisory Board has made a decision on the determination of an exceptional bonus limit, then the Board of Directors shall decide on the eligibility and the amount of the effective disbursement of this bonus, based on a proposal by the Remuneration Committee in the case of the Chairman & CEO of OTP Bank Plc.

In the case of the senior officers employed by the Bank and the chief executives of the Bank Group's subsidiaries, proposals for eligibility and the amount of the effective disbursement from the exceptional bonus limit, while in the case of other employees of the Bank Group's subsidiaries, proposals for the allocable budget shall be made by the Chairman & CEO of OTP Bank Plc with the involvement of the Deputy CEOs and, if necessary, the chairman of the Bank Group Subsidiary's governing body.

The decision regarding disbursement from the exceptional bonus limit, based on the proposal, shall be made by the party exercising employer's rights in the case of managers employed by the Bank, with the proviso that in respect of the heads of Risk Management, Internal Audit and Compliance the Remuneration Committee shall have the right of joint decision-making. In the case of the chief executives of the Bank Group's subsidiaries, the decision is made by the body controlling owner's rights, while in the case of other executives employed by the Bank Group's subsidiaries, the decision is made jointly by the chief executive of the subsidiary concerned and the chairman of the shareholders' governing body.

## **7. Principles and rules concerning the payment of performance-based remuneration**

### **7.1. Basic Principles**

- When assessing the performance of the year evaluated ("T year"), the amount of performance-based remuneration is determined and broken down to the level of individuals. The amount of performance-based remuneration payable from the general bonus limit is determined in consideration of individual performance, as well as the ratio of basic and performance-based remuneration achievable from the general bonus limit. The amount of the performance-based remuneration payable from the exceptional bonus limit may not be higher than 50% of the performance-based remuneration payable from the general bonus limit.
- For persons exercising a material impact on the risk profile at consolidated level, the performance-based remuneration is, as a general rule, provided in the form of a cash bonus and, depending on whether the beneficiary chooses it, a share award, granted at a discounted price, with the proviso that the proportion of shares within the performance-based remuneration is at least 50%. In the case of subsidiaries that have their registered office outside the area of Hungary, the performance-based remuneration is, as a general rule, provided in the form of a cash bonus and, depending on whether the beneficiary chooses it, a cash payment of an amount equivalent to that which the beneficiary would have received had he or she received remuneration in the form of shares or a preferentially priced share award. This latter form of award must account for at least 50% of the performance-based remuneration.
- For persons at Hungarian subsidiaries exercising a material impact on the risk profile at sub-consolidated level, the performance-based remuneration is, as a general rule, provided in the form of a cash bonus and a share award, with the proviso that the proportion of shares within the performance-based remuneration is at least 50%.
- For persons employed at the foreign subsidiaries who exercise a material impact on the risk profile at sub-consolidated level or local level, the performance-based remuneration is, as a general rule, provided in the form of a cash bonus plus a cash payment of an amount equivalent to that which the beneficiary would have received had he or she been paid in shares. This latter form of award must account for at least 50% of the performance-based remuneration.
- For persons participating in the share award – not including any persons who join the OTP Bank ESOP Organisation as participants – the share-based portion of the variable remuneration shall be provided by OTP Bank Plc.
- As a general rule, for persons exercising a material impact on the risk profile at consolidated level, 60% of the performance-based remuneration is deferred, while for persons exercising a material impact on the risk profile at sub-consolidated and local level, 40% of such remuneration is deferred.

- The period of the deferment is at least 4 years – and in the case of the Chairman & CEO and the Deputy CEOs of OTP Bank Plc., 5 years – during which period the amount of the deferred payment is set annually, in equal proportions.
- Eligibility to receive such deferred instalments is determined through a retrospective assessment of risks. The assessment of risks takes place partly on the basis of criteria for assessing prudent operation, i.e. it is necessary to ensure that the capital remains above the minimum level of regulatory capital defined in the law, and that operations are conducted without a need to resort to the deposit insurance fund, and, secondly, it is linked to the activity of the persons concerned. On the basis of the assessment of risks related to the activity of the persons concerned, deferred amounts may be reduced or clawed back in the case of a significant breach of the internal regulations, with special respect to those concerning risk management.
- Entitlement to the deferred instalments is linked to the subsequent assessment of risks and is subject to the person's still being employed at the company at the time that the deferred instalment is due for payment. Exceptions to the above may only be validly authorised in respect of the executive directors (Chairman & CEO, Deputy CEOs) by OTP Bank's Supervisory Board, in the case of exceptional performance, whereas in respect of managers employed at the Bank and chief executives of subsidiaries identified at consolidated level, exceptions are permitted based on a decision of the Chairman & CEO of OTP Bank Plc. In the case of other staff identified at consolidated level and for chief executives identified at sub-consolidated and local level, the head of OTP Bank Plc.'s Human and Organisational Development Directorate is entitled to authorise exceptions. For other staff identified at sub-consolidated and local level, exceptions are permitted based on the decision of the subsidiary's chief executive, subject to the consent of the chairperson of the owner's governing body. The Chairman-CEO of OTP Bank Plc. may withdraw the right to authorise exceptions in respect of any subsidiary at any time.
- OTP Bank Plc.'s Supervisory Board – not including executives falling under the personal scope of the remuneration policy as per the act on the encouragement of long-term shareholder engagement – is entitled to make decisions on the proportionate application of the rules set out in the remuneration guidelines in respect of the settlement of the performance-based remuneration of identified staff whose annual performance-based remuneration does not exceed HUF 17,500,000 and whose performance-based remuneration within their total remuneration for the year represents a share of maximum 33.3%. The Supervisory Board of OTP Bank Plc. is also entitled to take a decision with respect to proportionate application in regard to the identified employees of those subsidiaries that do not qualify as large credit institutions under Article 4(1)(146) of the CRR and whose average balance sheet total of the past four years is less than HUF 1,500 billion. As part of proportionate application, the application of certain regulations (deferred payment, share-based payment) may be avoided either in part or in full, provided that such departure is not in conflict with local statutory or supervisory provisions.

## **7.2 Settlement rules**

- Settlement of the due instalments of performance-based remuneration takes place by 30 June in the year following the assessed period, at the latest.
- The number of shares that may be used for the settlement of performance-based remuneration taking the form of shares, broken down to individuals, must be determined

as the quotient of the amount of performance-based remuneration taking the form of shares, and the share price determined by the Supervisory Board.

- The share price to be taken into account when determining the number of shares is set by the Supervisory Board on the basis of the arithmetic average of the daily quoted price of the ordinary shares issued by OTP Bank, as registered by the Budapest Stock Exchange, on the three trading days preceding the date of the Supervisory Board's decision made within the 10 days preceding settlement of the performance-based remuneration.
- Concurrently with this, the specific terms and conditions of the discounted share award are also determined, with the proviso that the share allowance granted at a discounted price may contain a maximum discount of HUF 6,000 at the time of performance assessment, and the profit content per share may amount to a maximum of HUF 12,000 at the time of vesting the share award.
- The Bank's Board of Directors, in the interest of managing shares acquirable in the framework of the remuneration policy, has decided to establish an ESOP Organisation. In the course of implementing the remuneration policy, shares or bonds issued by OTP Bank Plc. as founder and that constitute coverage for payment of an award to which the beneficiary is entitled as part of his or her performance-based remuneration, may be handed over to the ESOP Organisation, or may be purchased, or subscribed to, by the ESOP Organisation using funds provided to it by the Bank or one of its subsidiaries. Through the handing over of these securities to the ESOP Organisation, or through the purchase thereof or subscription thereto by the ESOP Organisation – in the manner set out in the ESOP remuneration policy – the beneficiary concerned shall acquire a member's holding in the ESOP Organisation. The member's holding in the ESOP Organisation is not a negotiable instrument; it may not be encumbered or pledged as collateral, and it only assures payment of the award to the individual if the conditions prescribed in the remuneration policy (result of performance assessment, retrospective assessment of risks) are fulfilled. Any member's holding that does not fulfil the conditions shall revert to the Bank or to the Bank's subsidiary that employs the individual concerned.
- Among the staff identified by the Bank Group's Remuneration Policy, the detailed terms of share-based performance remuneration awards granted through an ESOP Organisation may – within the constraints of the Group-Level Remuneration Guidelines – be set by the Supervisory Board.

The Supervisory Board of OTP Bank Plc., with the exception of matters placed under the authority of the General Meeting by law – is authorised to amend the Bank Group's Remuneration Policy.