

## **OTP Bank Plc. Remuneration Guidelines**

The Bylaws of OTP Bank Plc., in accordance with the provisions of the Hungarian Companies Act, place under the exclusive authority of the Company's General Meeting decisions on guidelines and frameworks of the long-term system of remuneration and incentives for leading executive officers, members of the Supervisory Board, and employees in senior management positions. Taking into consideration the guidance formulated under the Corporate Governance Recommendations of the Budapest Stock Exchange (BSE), the guiding principles pertaining to remuneration of the executive officers and management of the Company are as follows.

### **I. Scope of the Remuneration Guidelines**

#### *1. Personal and material scope*

The scope of the Guidelines extends to the remuneration of members of the Board of Directors and Supervisory Board (hereinafter: executive officers), and of the CEO and deputy CEO (hereinafter: management) of OTP Bank Plc.

#### *2. Duration of scope*

The Guidelines are to be applied from the date of their approval by the General Meeting until such time as they are repealed.

### **II. Remuneration Guidelines**

#### **1. Remuneration of members of the Board of Directors**

The individual elements comprising the remuneration of members of the Board of Directors are:

##### **1.1. Basic salary**

Determination of the basic salaries of members of the Board of Directors falls within the exclusive purview of the General Meeting. The amount of the basic salary must be in proportion to the work carried out by each board member, the responsibility each member carries, and the economic performance of the Company in the preceding year, and must be commensurate with the given executive's reputation in society and the place he or she occupies in the economic sphere. Fixed basic salaries are due monthly.

##### **1.2. Expenses**

Beyond their monthly basic salary, members of the Board of Directors are entitled to reimbursement of any justified expenses incurred in fulfilling the duties of their office.

##### **1.3. Executive Share Option Program**

In order to create harmony with the interests of shareholders, the General Meeting of the Company approved the operation of an Executive Share Option Program in recognition of performance and to encourage such performance through incentives. Members of the Board of Directors participate in the share purchase program in accordance with the conditions approved by the General Meeting.

## **2. Remuneration of members of the Supervisory Board**

In order to ensure the independence of members of the Supervisory Board, their remuneration consists exclusively of a fixed basic salary determined by the General Meeting and reimbursement of the amount of any justified expenses incurred in fulfilling the duties of their office. The amount of basic salaries is determined taking into consideration the principles specified in point 1.1.

## **3. Remuneration of the Bank's management**

The remuneration of OTP Bank's management is based on several complementary pillars creating a dynamic stake-holding framework, thereby providing senior managers with a competitive incentive package. This package serves to simultaneously harmonize the interests of management and shareholders, and to recognize the success of management work and professional activities.

When determining the respective proportions of the fixed and the profit or performance-related elements of remuneration, the Bank strives to sustain the necessary motivation to carry out profitable and high-quality work, but it also keeps in view that, based on the functions of the managed organization and in order to ensure prudent operation, managers must not come into conflict with the Company's short or medium-term profit-maximizing goals. The ratio of the fixed and performance-related remuneration of management members, aligned to current market trends, is 60%-40%.

Elements of the framework of remuneration and incentives are as follows:

### **3.1. Basic payroll wage**

In the case of employees in senior management positions, factors to be weighed when initially determining or carrying out subsequent annual reviews of the amount of the basic wage include consideration of remuneration data from the private sector and other elements of the managerial incentive package, the size and function of the area of business under management, and the complexity of the activities entailed.

In the framework of annual reviews, revision of management wages is aligned to annual average wage rises of the Bank's employees, while taking into account changes in the consumer price index.

### **3.2. Bonuses**

The conditions and general rules for the granting of bonuses are specified within the context of the Bank's annually determined stake-holding framework.

Beyond the basic wage, the amount of financial incentives – wage premiums, target and other bonuses – is tied to the fulfilment of objectives at the bank/bank group or individual levels. Objectives are determined and their performance assessed on the basis of individual target agreements. Expected performance is determined by the Bank under a system of indicators expressed according to the Balanced Scorecard (BSC) method, and in light of annual business policy and profit goals.

Performance is assessed twice yearly, and payment of advances – the amount of which may not exceed 40% of the annual incentive allowance – calculated according to a forecast annual performance assessment based on actual data for the first half-year.

The objectives of the Bank's Chairman & CEO, and the amount of bonuses to be paid based on an assessment of the fulfilment of these objectives, are determined by the Board of Directors. In the case of deputy CEOs, the concluding of individual target agreements, assessment of performance and determination of the amount of the incentive allowance fall within the purview of the Chairman & CEO.

### 3.3. Management Share Option Program

As one of the defining elements of the management remuneration framework, the Management Share Option Program ensures that managers retain a long-term vested interest in the Company's profitable operation. The program, the framework terms of which are approved by the General Meeting, is able to provide managers with a competitive income subject to the successful operation of the Company.

### 3.4. Profit Sharing Program

The Profit Sharing Program, in the event of out-performance of profit targets, provides incentive allowances in proportion to the contribution made to achieving profits.

The Profit Sharing Program provides direct profit-based incentives to the managers of subsidiary banks, as well as indirectly to bank managers and experts participating in the management of OTP Bank at the group level.

Detailed rules of the Program, as well as the related amount of incentives to be made available to each subsidiary bank, are determined annually by the Board of Directors of OTP Bank Plc, which simultaneously decides how the available amount is to be divided between the subsidiary bank producing surplus profits and OTP Bank Plc.

### 3.5. Additional non-wage allowances

Members of the management are entitled to the benefit of a top-category motor vehicle for private use and a mobile telephone.

Members of the management are furthermore entitled to claim any business and personal entertainment expenses that promote fulfilment of OTP Bank Plc's business interests and goals. On official domestic or foreign trips, members of the management are entitled to a daily fee equivalent to 125% of the daily fee provided to payroll employees, while appropriate costs of travel in the first-class category of economical means of transport, as well as first-class hotel accommodation with consideration for local conditions, will be borne by the Bank.

The Bank will take out life, accident and supplementary pension insurance policies on behalf of the members of the management. The combined amount of annual insurance premiums may not exceed the amount of two months' basic wage.

As part of their non-wage allowances, managers are entitled to have supplementary membership fees in health and voluntary pension schemes, as well as meal contributions, paid on their behalf under the same conditions as other Bank employees.

The Bank provides members of the management the option of early retirement – under the same conditions as for other employees – in accordance with the prevailing legal conditions in force.

## III. Closing provisions

Adoption of the Remuneration Guidelines falls within the purview of the General Meeting.

The Remuneration Guidelines will enter into effect on the date of resolution no. 8/2009 of the General Meeting granting their approval.

The Remuneration Guidelines must be published on the Company's official website ([www.otpbank.hu](http://www.otpbank.hu)).