



Strategy and Finance Division

Investor Relations & Debt Capital Markets

Reference number: IR-087/2023

## Dividend payment regulations of OTP Bank Plc.

The general meeting of OTP Bank Plc., held on 28 April 2023, passed a resolution declaring that the dividend per share is HUF 300 for the year 2022, compared to the face value of shares it's 300%.

In accordance with the general meeting resolution, the Bank has increased this dividend amount by the amount of the dividend applicable to shares classed as the company's own shares. Accordingly, the amount of dividend applicable to one ordinary share with a face value of HUF 100 is **HUF 300.15789806**. The amount of gross dividend actually payable will be determined as an amount, rounded to the nearest whole forint in accordance with the rules on rounding that is the result of multiplying the number of shares held by the shareholder by the amount of the specified dividend.

### I. General rules applicable to the paying of dividends

1./ The start date of dividend payment: **5 June 2023 (Monday)**. In accordance with section 13.10 of the Articles of Association of OTP Bank Plc. ("**AoA**"), the claim to the dividend expires five years after the start date of dividend payment.

2./ A precondition for dividend payment, stipulated in the AoA, is that the shareholder's share ownership must not be in violation of the AoA or the relevant statutory regulations, thus especially the provisions of Act CCXXXVII of 2013 on credit institutions and financial enterprises and of Act CXX of 2001 on the capital market.

3./ The payment of dividend is also conditional upon the shareholder's valid registration in the Share Register of OTP Bank Plc., as well as the disclosure of the information required by OTP Bank Plc. in its capacity as paying agent for the purpose of complying with its tax declaration and reporting obligations stipulated in the effective tax regulations. In order to register the shareholder in the Share Register and pay the dividend, in view of the provisions of the AoA and the relevant statutory regulations, OTP Bank Plc. requires the following data:

- a) the shareholder's (nominee's) name (company name);
- b) the shareholder's (nominee's) precise address (registered seat);
- c) the private individual's personal details (name, birth name, mother's maiden name, the individual's place and date of birth), sex, nationality, and tax number. If the foreign tax residence is determined or verified, the payment can also be made in the absence of a tax identification number;
- d) in the case of shared in joint ownership, the shareholders' and the joint representative's details specified in points a), b), and c);
- e) if a representative is acting on behalf of the shareholder, the category of the shareholder represented by him or her. The category of the shareholders can be the following: resident private individual owner(s); foreign-resident private individual owner(s); resident non-private entities; foreign-resident non-private entities.

### II. The method of dividend payment

1./ In accordance with section 13.5 of its AoA and the General Business Regulations of KELER Zrt., OTP Bank Plc. requests KELER Zrt. to conduct a share-ownership verification procedure with regard to the shares, with respect to the start date of dividend payment as a company event. The effective date of the share-ownership verification procedure is 26 May 2023, on which day each shareholder will be

entitled to claim the dividend, determined for the financial year 2022, based on the number of OTP Bank Plc. registered ordinary shares recorded on the shareholder's securities account. The cum-dividend date (i.e. the last trading day on which the purchase of shares goes with the entitlement to dividend, determined for the financial year 2022) is 24 May 2023. The ex-dividend date is 25 May 2023. The COAF number of the corporate event is: HU20230515011885.

2./ We would like to call our shareholders' attention to the fact that, in accordance with KELER Zrt.'s General Business Regulations, KELER Zrt. performs the share-ownership verification procedure based on the information provided by the investment service provider that manages the shareholder's securities account.

3./ OTP Bank Plc. performs the Share Register registration procedure based on the information specified in section I./3 points a) - e) and sent by KELER Zrt.

4./ After the Share Register registration procedure and the checking of the Share Register, as well as the calculation of the dividends, OTP Bank Plc. transfers the calculated dividend – a net or gross amount, depending on how the tax liability develops – to the securities account manager or, if the shareholder has so instructed by way of the securities account manager, to the shareholder's bank account.

### **III. Tax rules**

1./ The OTP Bank Plc. determines the tax residence of the private individual according to the following rules:

Foreign residence shall be verified by the English version, the Hungarian translation thereof or the copy of either of these documents of the document issued by the relevant foreign tax authority or - in case of entitlement of tax exemption - by the international organization (hereinafter referred to as "tax residence certificate"). Tax residence certificate shall be produced each tax year, even if it has not changed since the last certification was submitted." according to point 6 of the Schedule No. 7 to Act CXVII of 1995 on Personal Income Tax, as amended.

If the payer is the Reporting Hungarian Financial Institution subject to data disclosure obligation under Section 43/H of Act XXXVII of 2013 on International Administrative Cooperation in Matters of Taxation and Other Compulsory Payments (hereinafter referred to as "IACA"), it shall determine the residence of the foreign private individual in accordance with the due diligence rules set out in Points II-IV and VII of Annex 1 to the IACA. If the Reporting Hungarian Financial Institution finds upon review that the private individual maintains residence in two or more Member States, in another State or in any territory having competent jurisdiction, foreign residence shall be verified by a tax residence certificate.

OTP Bank Plc. is considered as a Reporting Hungarian Financial Institution according to IACA, hence when paying dividend, OTP shall take into consideration the residence determined in accordance with the taxation due diligence rules set out by IACA to determine foreign tax residence of countries stipulated by IACA (states participating in the DAC2/CRS reporting obligation). (The current announcement - "On the due diligence and reporting rules applicable to clients qualifying as natural persons, specified in Act XXXVII of 2013 on Certain Rules of International Public Administration Cooperation Related to Taxes and Other Public Duties (hereinafter: Tax Cooperation Act) announcement – contains the rules of taxation due diligence and reporting and the list of states participating in the DAC2/CRS reporting obligation.)

In case of non-participating states, shareholders to whom the OTP Bank Plc. shall not apply the taxation due diligence rules (e.g. the shareholder does not have a financial account at OTP Bank Plc.) the tax residence of the private individual shall be determined based on the tax residence certificate. The tax residence certificate shall be forwarded by the shareholder directly to the Markets and Securities Back Office Department (Budapest 1131, Babér u. 9.).

According to the tax rules, the determination of the tax residence shall be made on the date of the payment. When paying dividend, OTP Bank Plc. shall perform the determination of tax residence in

respect of the private individual listed in the share-ownership verification conducted by KELER Zrt. or – in case of additional share-ownership verification – the custodian following the receipt thereof.

The OTP Bank Plc. shall **treat the private individual as resident private individual until** the foreign-residence is determined or verified based on

- a) OTP Bank's data filing system (result of the taxation due diligence or valid tax residence certificate)
- b) the valid tax residence certificate submitted by the private individual for the payment of dividend.

2./ **If the shareholder is a resident private individual owner**, OTP Bank Plc. may only pay him or her dividend if the shareholder's securities account manager has provided the shareholder's details as specified in section I./3. point c) by using KELER Zrt. as an intermediary, or by performing a share-ownership verification procedure directly. **If any of the data listed is missing** (in particular the provision of the tax number), OTP Bank Plc. cannot pay the dividend until the missing information is provided.

In accordance with Section 8 (1) of Act CXVII of 1995 on Personal Income Tax, as amended, the tax rate applicable to dividends paid in the year 2023 from the profit of the year 2022 is 15% (hereinafter referred to as "the generally applicable tax rate"). No social contribution tax is to be paid on dividend payments.

3./ In the case of **foreign tax resident private individual owners**, when paying dividends, OTP Bank Plc. may only make use of the preferential tax deduction opportunity stipulated in a double taxation convention (DTC) concluded with the government concerned if the foreign tax residence of the shareholder is determined and verified according to the provisions of point 1 and the shareholder or his duly authorized securities account manager sends to the Markets and Securities Back Office Department of OTP Bank Plc. (Budapest 1131, Babér u. 9.) the Hungarian translation of the beneficial owner's declaration made by the shareholder or his securities account manager with regard to the shareholder, if such declaration affects the tax liability.

Even if the double taxation convention concluded with the country of the tax residence of the private individual allows to deduct tax at a higher tax rate than the Hungarian tax rate in force, only the personal income tax counted at the generally applicable tax rate may be deducted.

In the event the private individual shall not be qualified as foreign tax resident, OTP Bank Plc shall regard the private individual as resident private individual, and shall proceed according to point 2 in connection with the tax liability of its dividend paid.

Regarding foreign tax resident private individuals, if the double taxation convention (DTC) concluded with the concerned country prescribes the existence of the statement on beneficial ownership, but such statement is not available for OTP Bank Plc, the tax shall be deducted at the generally applicable tax rate in case of foreign tax resident private individual.

The tax shall be assessed, deducted also at the generally applicable tax rate in the event of foreign tax resident private individual, if there is no double taxation convention between the country of residence and Hungary.

If the shareholder is a foreign tax resident private individual, OTP Bank Plc. may only pay him or her dividend if the shareholder's securities account manager has provided the shareholder's identification data (the foreign-resident private individual's name, address in the country of residence, place and date of birth, tax number) by using KELER Zrt. as an intermediary, or by performing a share-ownership verification procedure directly. If any of the data listed is missing (with the exception of the tax number), OTP Bank Plc. cannot pay the dividend until the missing information is provided.

In the absence of the tax number, **dividend may only be paid to the private individual, if the foreign tax residence hereof is determined or verified.**

No social contribution tax is to be paid on dividend payments.

If the tax rate deducted from the dividend paid to a foreign-resident private individual is higher than the tax rate to be applied based on the relevant international convention, the foreign-resident shareholder may submit to the National Tax and Customs Administration an application for the refund of the difference between the amount of tax deducted and the amount of tax stipulated in the convention, by presenting the certificate of payment and the certificate of residence.

4./ The payment of dividends on shares held **on a long-term investment account** is not subject to the deduction of tax, whether in the case of domestically resident or foreign tax resident private individuals. In order to ensure that the dividend payment is exempt from tax, simultaneously with submitting a claim for the dividend, the securities account manager must disclose to OTP Bank Plc. the list of shareholders that hold their shares on long-term investment accounts. If OTP Bank Plc. is unaware that the share is held on a long-term investment account, tax will be deducted at the generally applicable rate from the dividend, while also taking into account any other conditions that may have a bearing on the tax liability.

5./ OTP Bank Plc. does not have to deduct tax from dividends paid to shareholders that are **domestically resident or foreign tax resident non-private entities**; dividends paid to non-private entities are not subject to dividend tax.

6./ If the dividend is paid to a foreign tax resident private individual **through the shareholder's representative (nominee)**, in order for OTP Bank Plc. to issue the paying agent's declaration the shareholder's representative must declare the foreign tax resident private individual's details (the foreign tax resident private individual's name, address, place and date of birth, residence, and the forint amount of the dividend paid/to be paid to him or her). The shareholder's representative must make this declaration in the form of a document prepared in Hungarian, or in Hungarian and English, and bearing the necessary authorized signatures, and he or she must attach to it a certificate of residence and a beneficial owner's declaration.

If based on the declaration the OTP Bank Plc. is unable to provide the tax authority with information on a foreign tax resident private individual who receives dividend income, it must comply with its reporting obligation by disclosing the name (company name) and registered seat of the shareholder's representative, and also – in the case of a domestic resident – the representative's tax number and the amount of dividend paid to the representative.

If prior to the dividend payment the shareholder's representative declares that the income beneficiary or some of the beneficiaries are not private persons, when paying dividends OTP Bank Plc. will not deduct tax from the part of the dividend that is due to the non-private entities.

In the course of the share-ownership verification procedure conducted by KELER Zrt., OTP Bank Plc. will accept the classification of the shareholder(s) represented by the shareholder's representative into any of the shareholder categories as being equivalent in value to the declaration referred to above.

7./ OTP Bank Plc. will only accept a foreign tax resident private individual's certificate of residence and beneficial owner's declaration, as well as the declarations on the shareholder category of the shareholder represented by the shareholder's representative, if these documents (mentioned in the present chapter III.) are available to the Markets and Securities Back Office Department of OTP Bank Plc. prior to the calculation of dividend but certainly no later than by 2 p.m. (Budapest time) on 31 May 2023.

Budapest, 18 May 2023

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