

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 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 to acknowledge the performance, within the risk-tolerance capacity of the Bank Group, of the management of OTP Bank and of individual managers occupying key positions, as well as of the heads of the subsidiaries of the Bank Group in contributing to results at the bank and at the group level, and to provide an incentive for performance.

2. People covered by the Remuneration Policy

The people covered by the Bank Group's Remuneration Policy is determined, in accordance with the requirements of the European Union, on the basis of qualitative criteria based on the institution's own risk profile, and quantitative criteria determined based on the level of income. To ensure fulfilment of the qualitative criteria the Bank applies a comprehensive risk-analysis procedure, in keeping with its business and risk strategy, based on which the Bank performs an annual assessment for the purpose of identifying employees with a material impact on the Bank's risk profile. The quantitative criteria are taken into account in accordance with the prevailing statutory requirements.

The following individuals fall under the effect of the Bank Group's Remuneration Policy:

- members of the Board of Directors of OTP Bank Plc.
- members of the Supervisory Board of OTP Bank Plc.

and in respect of the employees of OTP Bank Plc.

- the Bank's Chairman & CEO
- the Bank's deputy CEOs
- managers that influence the Bank Group's risk profile and profit in a material extent
- managers with responsibility for special management functions
- managers fulfilling controlling functions

furthermore, the managers employed by the subsidiaries of the Bank Group that are subject to consolidated supervision – in the absence of any provision to the contrary under national legislation:

- the top managers of the subsidiaries
- in the case of certain subsidiaries, the 2nd-level (deputy) managers of the subsidiaries.
- managers of certain foreign subsidiary banks with special management and decision-making authority determined under national statutory provisions.

Decisions on the persons subject to the scope of the Bank Group's Remuneration Policy are made by the Supervisory Board of the Bank.

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

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

- In the case of **credit institutions that have their registered seat in Hungary**, the remuneration policy shall be comprehensively applied in respect of level 1 and level 2 managers.
- In the case of the **foreign subsidiary banks**, the performance-based components of compensation specified in the remuneration policy shall be applied – observing any limitations under national statutory provisions – with the proviso that in the case of subsidiaries outside of the European Union, the principle of proportionality shall be observed in the payment process for performance-based remuneration.
- In the case of **Investment Fund Management Companies and Financial Enterprises**, the remuneration policy is applied proportionally.
- In the case of the **Auxiliary enterprises** – in view of the nature of their activity – the remuneration is determined in the form of a basic salary plus a premium.

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 subject to the remuneration policy, the remuneration consists of basic remuneration and performance-based remuneration components. The main components of basic remuneration are the basic salary and ordinary shares issued by OTP Bank.

The ratio of basic remuneration and performance-based remuneration is determined by the Bank's Supervisory Board, on the basis of the function, size and complexity of the organization managed. The ratio of performance-based remuneration cannot exceed 100% of the basic remuneration for each person concerned.

The current ratios of basic remuneration and performance-based remuneration are as follows:

Categories of executives falling under the effect of the remuneration policy of the OTP Bank Group	Structure of remuneration	
	ration of fixed remuneration	ratio of performance based remuneration
members of the Board of Directors of OTP Bank Plc.*	100 %	
members of the Supervisory Board of OTP Bank Plc.*	100 %	
employees employed by OTP Bank Plc.		
positions affecting significantly the risk profile and the financial results	50-60 %	50-40 %
positions responsible for individual management functions	50-60 %	50-40 %
positions having control functions	60 %	40 %
executives employed by the Bank Group's subsidiaries under consolidated supervision		
1 st level executives of subsidiaries	50 - 80 %	50 - 20 %
in case of selected subsidiaries 2 nd level (deputy) executives and positions responsible for individual management functions	50 - 67 %	50- 33 %

* fixed amount honorarium

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

In the case of **managers employed by OTP Bank Plc.**, performance is assessed, in addition to the RORAC index¹ reflecting the Bank Group's return on risk adjusted capital, on the basis of criteria measuring individual performance (financial indices, as well as 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.

The target value of the group-level RORAC indicator is determined by the Bank's Supervisory Board on the basis of the prevailing annual financial budget. 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's profit and/or the achievement of the target values set.

¹This 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.

6. Determining entitlement to performance-based remuneration

The decision regarding the maximum amount that may be spent on performance-based remuneration in respect of 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.

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,
- by the body that exercises ownership rights in the case of managers of subsidiaries in the Bank Group,

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

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 is determined in consideration of individual performance, as well as the ratio of basic and performance-based remuneration.
- As the main rule, the performance-based remuneration is provided in the form of a cash bonus and, based on the choice of the recipient, a discounted or free share award, with the proviso that the proportion of shares within the performance-based remuneration is at least 50%.
- At all the members of the Bank Group – in the absence of any mandatory provisions under national legislation to the contrary – the share-based portion of the variable remuneration is provided to the employees concerned by OTP Bank Plc.
- As a general rule, payment of 60% of the performance-based remuneration is deferred over a period of three years, during which period the deferred amount is determined annually in equal proportions.
- Entitlement to deferred payment shall be determined in consideration of the subsequent assessment of risks. The assessment of risks takes place, on the one hand, on the basis of criteria pertaining to prudent operations – that is, in consideration of the fulfilment of the requirements concerning an amount of capital

that is in excess of the minimum guarantee capital specified in the Act, and ensuring operations without the need to take advantage of the deposit insurance fund – and, on the other hand, it is linked to the activities of the persons concerned. On the basis of the assessment of risks related to the activities 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 deferred amounts is linked to the subsequent assessment of risks and effective employment at the time of paying out the deferred amount. Any valid deviations from the above may only be authorised in respect of managing directors (CEO, deputy CEOs) by the Supervisory Board of OTP Bank Plc. In the case of exceptional performance, deviations may be permitted in respect of bank employees in management positions and heads of the subsidiaries, on the basis of a decision made by the Chairman & CEO of OTP Bank Plc.

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 average daily quoted price of the ordinary shares issued by OTP Bank, as registered by the Budapest Stock Exchange, on the three business 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 2,000 at the time of performance assessment, and the profit content per share may amount to a maximum of HUF 4,000 at the time of vesting the share award.
- If the Bank's Board of Directors decides on the establishment of an ESOP entity for the purpose of managing the shares obtainable under the remuneration policy, and all the conditions for the operation of such entity are in place, then OTP Bank Plc., as founder, may hand over the shares or discounted share options, due to the beneficiary as performance-based remuneration, to the ESOP entity for the purpose of their management, upon which the beneficiary will obtain a member's share in the ESOP entity. The membership share in the ESOP entity is not fungible, may not be encumbered or pledged as collateral, and shall only guarantee actual settlement of the share award subject to the fulfilment of the conditions prescribed in the remuneration policy (result of performance assessment, retrospective assessment of risks). Membership shares that do not meet the conditions shall revert to OTP Bank Plc.

- The Supervisory Board is entitled to set the detailed conditions of performance-based remuneration awards based on shares granted through an ESOP entity – within the constraints of the Remuneration Guidelines – with the additional stipulation that participation of the beneficiaries in the ESOP entity, and thus the settlement of the share-based part of the performance-based remuneration through the ESOP entity, may only take place on the basis of the beneficiaries' voluntary decision.

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.