OTP BANK PLC'S REMUNERATION POLICY BASED ON THE ACT ON THE ENCOURAGEMENT OF LONG-TERM SHAREHOLDER ENGAGEMENT

The remuneration policy of OTP Bank Plc (hereinafter: ***Bank***) based on Act LXVII of 2019 on the encouragement of long-term shareholder engagement and modification of certain acts with the purpose of legal harmonisation (hereinafter: ***Remuneration Policy***) has been developed in an effort to provide appropriate incentives to pursue both strategic and operational objectives, while ensuring compliance with domestic and international regulations.

The Bank's Remuneration Policy supports the values, long-term objectives, interests and sustainability of the Company, in the course of which it also promotes efficient and effective risk management, and ensures that no risks are taken beyond the limits of the Bank's risk exposure. 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 that align the managers' individual interests with the Bank's long-term interests, through the creation of a performance assessment scheme and the use of financial and non-financial indicators).
- 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 by making them interested in 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 Company's long-term success and the implementation of its 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 the ex post risk assessment thereof 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 assessment process is indeed based on long-term results and, where appropriate, any disbursed performance-based remuneration can be reclaimed.

I. SCOPE OF THE REMUNERATION POLICY

The scope of the Bank's Remuneration Policy includes, in accordance with the relevant statutory provisions, the Chairman, Deputy Chairman and members of the Bank's Board of Directors, the Chairman, Deputy Chairman and members of the Supervisory Board, the Bank's Chief Executive Officer (Chairman & CEO) and the deputy chief executives (hereinafter collectively: ***Directors***). Should the Board of Directors, based on the authorisation granted by the Bank's Articles of Association, decide to have different persons as the Chairman of the Board of Directors and the CEO of the Bank, the provisions of this Remuneration Policy shall also apply to the CEO.

For the purpose of applying the remuneration rules relevant to Directors, the following personnel categories must be distinguished:

- ***Directors qualifying as members of the management bodies:*** Chairman, Deputy Chairman and members of the Board of Directors (collectively: ***members of the Board of Directors***) and Chairman, Deputy Chairman and members of the Supervisory Board (collectively: ***members of the Supervisory Board***).
- ***Directors employed by the Bank:*** Chairman & CEO (CEO), the Deputy CEOs (including internal members of the board of directors) and members of the Supervisory Board qualifying as employee delegates.
- ***Directors not employed by the Bank:*** external members of the board of directors and independent supervisory board members.

If a particular Director is a member of more than one personnel group, then the remuneration rules of this Remuneration Policy that are applicable to the personnel groups relevant to the Director concerned shall apply jointly to the Director concerned.

The Bank's Remuneration Policy shall enter into force on the day on which it is submitted to the General Meeting for expressing an opinion, although its provisions shall be applicable only from the 2021 business year.

The Bank's Remuneration Policy must be submitted to the General Meeting at least every four years, so this Remuneration Policy shall be reviewed by the General Meeting closing the 2023 business year, at the latest.

II. ELEMENTS OF REMUNERATION, RATIO OF FIXED AND VARIABLE REMUNERATION

The Directors' remuneration may consist of fixed, variable and extraordinary elements.

Fixed elements of Directors' remuneration include:

- For Directors who are members of the Management Bodies, the *honorarium* shall be:
  - For members of the Board of Directors, the remuneration consists of a cash and a share-based award. With regard to 50% of the share-based award, the members of the Board of Directors are subject to an extended holding obligation until the end of their term of office.
  - In the case of members of the Supervisory Board, the honorarium shall consist solely of a cash award.
- The *basic salary* for Directors employed by the Bank.
- If an agency contract is concluded with an external member of the Board of Directors for the performance of a specific task beyond the scope of his/her duties as a member of the board, the *commission fee.*
- In the case of members of the Board of Directors and Directors employed by the Bank, *role-based allowances* shall be payable in respect of managers being on equal terms with all managers in the same position.
- Directors employed by the Bank shall be granted *benefits payable on equal terms to all employees*.

Variable elements of Directors' remuneration include:

- In the case of Directors not employed by the Bank, the remuneration has no variable components.
- In the case of Directors employed by the Bank, performance-based remuneration is provided in accordance with the Group Remuneration Guidelines.

The **extraordinary elements** of the Directors' remuneration are not considered as regular benefits, but may be linked to the establishment or termination of an employment relationship, and therefore only Directors who are employed by the Bank may acquire such benefits.

Benefits related to the establishment of an employment relationship granted to Directors employed by the Bank may include the guaranteed bonus and the buyout of a previous contract. Such benefits related to the establishment of an employment relationship may be payable only when the employment is first started and may not exceed the annual basic remuneration.

Benefits related to the termination of an employment relationship granted to Directors employed by the Bank may include:

- Compulsory benefits payable under the Labor Code: severance pay, absence fee for the discharge period, redemption of unused holidays.
- Severance pay paid in accordance with the provisions of the Remuneration Policy.
- Proportionate consideration for a non-compete commitment.

The ratio between fixed and variable remuneration is determined as follows:

- *In the case of Directors who are not employed by the Bank*, 100% of the remuneration shall be fixed, and no variable remuneration may be determined or paid.
- *In the case of the Chairman & CEO (CEO) and the Deputy CEOs (including internal members of the Board of Directors)*, the ratio of basic remuneration and performance-based remuneration is determined for both the general and the extraordinary bonus limits under the Group Remuneration Guidelines, as follows:
    - In the event that only the general bonus limit is determined for a given business year, the ratio of fixed and variable remuneration components is 60%-40%. The rate of variable remuneration may only exceed the above ratio – up to a 50-50% fixed and variable remuneration ratio – in the case of a specific Director, if the performance-based remuneration of another Director is reduced by the same extent as the former Director's performance-based remuneration was increased.
    - If an extraordinary bonus limit is also determined in addition to the general bonus limit, then the fixed and variable remuneration ratio shall be 50-50%, with the proviso that the ratio of variable remuneration may also be lower than this, depending on the determined extraordinary bonus limit.
- Although *the employee delegates of the Supervisory Board* are not entitled to variable remuneration only as Supervisory Board members, they may become eligible to variable remuneration based on their jobs filled at the Bank. The fixed and variable remuneration ratio of employee delegates is always determined by the Bank's Supervisory Board in association with the duties and responsibilities of the employee concerned. As the duties and responsibilities of an employee delegate delegated to the Supervisory Board cannot be foreseen, the ratio of the fixed and the variable components of the remuneration paid to employee delegates of the Supervisory Board with regard to their employment relationship cannot be specified in advance in this Remuneration Policy. However, it may be established as a guarantee rule that, in the case of employee delegates of the Supervisory Board as well, the proportion of the annual variable remuneration may not exceed the annual fix remuneration, and that, in justified cases, the Supervisory Board is entitled not to determine any variable

remuneration for members of the Supervisory Board qualifying as employee delegates. If variable remuneration is determined for an employee delegate, this shall be determined and paid to them in accordance with the Group Remuneration Guidelines.

III. AWARDS AND OTHER BENEFITS AVAILABLE TO DIRECTORS

In the case of Directors who are not employed by the Bank, no variable remuneration (including premiums or awards) may be determined or paid.

Directors employed by the Bank may become eligible for performance-based remuneration (premium) under the Group Remuneration Guidelines, based on a target agreement and performance assessment.

Directors shall be entitled to the following *role-based allowances* qualifying as fixed remuneration:

a) personally used IT devices,

b) personally used mobile phones and mobile phone usage limits,

c) travel (accident) and health insurance,

d) reimbursement of health care costs,

e) holidays in a facility owned by the Banking Group,

f) providing for training and education,

g) travel, hotel accommodation, subsistence allowances and material expenses in the case of missions,

h) health insurance package for the Director's family.

The members of the Board of Directors, the Chairman of the Supervisory Board, the Chairman & CEO (CEO) and the Deputy CEOs are also entitled to a personalised entertainment budget, as role-based allowance qualifying as fixed remuneration.

The Chairman & CEO (CEO) and the Deputy CEOs shall, in addition to the above benefits, also be entitled to the following *role-based allowances* qualifying as fixed remuneration:

a) provision of vehicles for personal use, and the associated drivers' thereto,

b) term life insurance.

The Chairman & CEO shall, in addition to the above benefits, also be entitled to the following *role-based allowances* qualifying as fixed remuneration:

a) reimbursement of the cost of a general medical examination every year,

b) the creation of working conditions and reimbursement of costs associated with working outside the workplace (telecommuting),

c) reimbursement of the costs of maintaining language skills and the provision of working time allowances for this purpose,

d) reimbursement of travel and accommodation expenses of one family member travelling with the Chairman & CEO.

If an agency contract is concluded with an external member of the Board of Directors for the performance of a specific task beyond the scope of his/her duties as a member of the board, a personally used vehicle and a driver may also be granted to him/her in the agency contract, which shall qualify as fixed remuneration.

Members of the supervisory board who qualify as employee delegates are, as a general rule, eligible for role-based allowances based on their job classification, under the same conditions as all staff members with whom they work at the same classification level. On this basis, it is possible that members of the Supervisory Board who qualify as employee delegates may also be entitled to a personalised entertainment budget, or a personally used vehicle – aligned with the given classification level.

In addition to the above, Directors who are employed by the Bank shall be entitled to any benefits qualifying as fixed remuneration provided by the Bank on equal terms to all employees of the Bank, which shall include, in particular, the following remuneration components:

a) annual cafeteria limit,

b) health fund contribution,

c) voluntary pension fund contribution,

d) jubilee award.

IV. CHARACTERISTICS OF EMPLOYMENT CONTRACTS CONCLUDED WITH DIRECTORS

1. Rules uniformly applicable to Directors who are not employed by the Bank

Directors who are not employed by the Bank may be recalled at any time without explanation, in accordance with company-law stipulations, and they may resign from their office at any time.

Directors not employed by the Bank shall not be entitled to a notice period.

Directors who are not employed by the Bank are entitled to the allowances and benefits listed in Chapters II and III of this Remuneration Policy, as defined therein.

Directors who are not employed by the Bank shall not receive separate remuneration in the event of termination.

Directors who are not employed by the Bank are not entitled to participate in a supplementary or early retirement scheme.

2. Rules uniformly applicable to Directors who are employed by the Bank

The employment of Directors employed by the Bank may be terminated in accordance with the provisions of the Labor Code.

Directors employed by the Bank for an indefinite term shall be entitled to a uniform notice period calculated as follows:

Number of years of employment at OTP Bank Plc:							
below 3 years	*3-5 years*	*5-8 years*	*8-10 years*	*10-15 years*	*15-18 years*	*18-20 years*	*over 20 years*
Notice period in calendar days							
60	*70*	*80*	*90*	*120*	*140*	*160*	*180*

Directors employed by the Bank for an indefinite term shall be entitled to a uniform discharge period, provided that termination of the legal relationship was initiated by the Bank, calculated as follows:

Number of years of employment at OTP Bank Plc:							
below 3 years	*3-5 years*	*5-8 years*	*8-10 years*	*10-15 years*	*15-18 years*	*18-20 years*	*over 20 years*
Discharge period in calendar days							
45	*53*	*60*	*68*	*96*	*112*	*128*	*162*

In the event that the employment is terminated due to retirement, the party exercising the employer’s rights may exempt the Director from work for the entire duration of the notice period.

Directors who are employed by the Bank are entitled to the allowances and benefits listed in Chapters II and III of this Remuneration Policy, as defined therein.

Directors who are employed by the Bank are entitled to payment in the event of termination of their legal relationship, as follows:

- absence fee for the applicable discharge period, as calculated based on the Labor Code,
- severance pay calculated based on the Labor Code, depending on the duration of the employment,
- redemption of holidays not taken by the employee.

Directors who are employed by the Bank are not entitled to participate in a supplementary or early retirement scheme, although they are entitled to a supplement to their independent pension fund membership under the same conditions as all the employees of the Bank.

3. Rules applicable to members of the Board of Directors

Members of the Board of Directors are elected by the General Meeting for a fixed term of 5 years, in accordance with the Bank's Articles of Association.

No separate contract is concluded with the members of the Board of Directors for the performance of their duties as members of the Board of Directors.

Internal members of the Board of Directors, as employees, are considered to be executive employees, so their employment may be terminated in writing at any time without explanation.

Members of the Board of Directors may be unilaterally recalled from the Board, or they may resign from their office at any time. If so required by the Bank's proper operation, the resignation shall take effect upon the election of a new member of the Board of Directors or, failing that, on the sixtieth day following notification.

If the Bank concludes an agency contract with an external member of the Board of Directors for the performance of a specific task beyond its duties as a member of the Board of Directors, such agency contract shall in all cases be for a fixed period, and it may at any time be terminated by the Bank unilaterally and without a notice period. The member of the Board of Directors shall not be entitled to any benefit in connection with the termination or early termination of such contract.

In all other respects, the above rules that are uniformly applicable to Directors employed by the Bank shall also apply to internal members of the Board of Directors, and the rules uniformly applicable to Directors not employed by the Bank shall also apply to external members of the Board of Directors.

Benefits to which the employed internal members of the Board of Directors are entitled in the event of termination of employment (in addition to the benefits laid down in the rules that apply uniformly to the Directors who are employed by the Bank):

- Consideration for non-compete commitment, the amount of which may not exceed the amount of the basic remuneration for the duration of the non-compete obligation.
- Severance pay provided within the standard framework defined in the Remuneration Policy, depending on the length of the employment, in addition to the statutory severance pay, and settled upon termination of employment, without deferral, as follows:

<table>
<tr><td colspan="6">Number of years of employment at OTP Bank Plc:</td></tr>
<tr><td colspan="6" align="center">Above</td></tr>
<tr><td>3 years</td><td>5 years</td><td>10 years</td><td>15 years</td><td>20 years</td><td>25 years</td></tr>
<tr><td colspan="6">The extent of the severance pay expressed in the monthly basic salary, may not be more than</td></tr>
<tr><td>1 month</td><td>3 months</td><td>5 months</td><td>7 months</td><td>9 months</td><td>12 months</td></tr>
<tr><td colspan="6">with the proviso that the amount so determined is to be weighted by the arithmetic mean of the percentage representing the results of the performance assessment of the Director concerned for the 5 years preceding the year in which the employment was terminated.</td></tr>
</table>

4. Rules applicable to members of the Supervisory Board

Members of the Supervisory Board are elected by the General Meeting for a fixed term of 3 years, in accordance with the Bank's Articles of Association.

No separate contract is concluded with the members of the Supervisory Board for their Supervisory Board membership.

In all other respects, the above rules that are uniformly applicable to Directors not employed by the Bank shall also apply to independent members of the Supervisory Board, and the rules uniformly applicable to Directors employed by the Bank shall also apply to employee delegates of the Supervisory Board.

5. Rules applicable to the Chairman & CEO (CEO) and the Deputy CEOs

The employment contract of the Chairman & CEO is adjusted to the membership of the Board of Directors, for a fixed term of 5 years. The employment contract of the Deputy CEOs (CEO) is concluded for an indefinite period.

The Chairman & CEO (CEO) and the Deputy CEOs, as employees, are considered to be executive employees, so their employment may be terminated in writing at any time without explanation.

In the event of early termination of the employment contract of the Chairman & CEO, the provisions of the Labor Code governing early termination of fixed-term employment contracts shall apply.

The basic salary of the Chairman & CEO is reviewed annually by the Board of Directors.

In all other respects, the rules that apply uniformly to the Directors employed by the Bank shall also apply to the Chairman & CEO (CEO) and the Deputy CEOs.

Those Deputy CEOs who are not members of the Board of Directors (and, if the chairman and the CEO positions are separated, the CEO, unless he/she is a member of the Board of Directors) are entitled to the same benefits upon termination of employment, as the internal members of the Board of Directors.

V. RULES APPLICABLE TO SHARE-BASED PERFORMANCE-BASED REMUNERATION

The share-based performance-based remuneration constituting a part of the variable remuneration ensures consistency between the individual interests of the employees and the long-term interests of the shareholders and the company, by guaranteeing the long-term commitment of the beneficiaries of share-based performance-based remuneration and their commitment to the Bank's sustainable and long-lasting success.

Only Directors who are employed by the Bank are entitled to the share-based performance-based remuneration.

The share-based performance-based remuneration may be determined annually in relation to the performance achieved in the business year.

Share-based performance-based remuneration may only be paid in accordance with the time schedule determined by the deferral and retention rules set out in Chapter VII of the Remuneration Policy.

The variable (performance-based) remuneration of directors employed by the Bank shall be settled uniformly in the form of a cash bonus and share-based awards, in 50-50% proportions.

The share-based portion of variable remuneration shall be settled – depending on the decision of the authorised person – either in the form of remuneration converted into shares or as preferentially priced share award:

- **Remuneration converted into shares** means the conversion of the share-based portion of performance-based remuneration into OTP Bank’s ordinary shares, at the share price determined by the Supervisory Board of OTP Bank Plc. The number of units of remuneration converted into shares, per individual, is determined by the ratio of the amount of performance-based remuneration given in shares and the price of the share.

- A **preferentially priced share award** is the right to purchase the Bank’s ordinary shares at a discounted price, under the parameters determined by the Supervisory Board of the Bank. The preferentially-priced share award may entail a maximum discount of HUF 6,000 per share, and the income equivalent attainable per share, at the time of exercising the share award, may be a maximum of HUF 12,000. In the case of a preferentially-priced share award, the number of shares per individual is determined by the ratio of the amount of the share-based variable remuneration and the value of the share award. The Supervisory Board of the Bank is authorised to set the period for exercising the preferentially-priced share award at a maximum of two years, and to extend the specified period on one occasion, with the proviso that the total length of the draw-down period may not exceed two years.

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 implementing the remuneration policy, shares or bonds issued by OTP Bank Plc that constitute coverage for payment of an award to which the Director is entitled as part of his or her variable (performance-based) remuneration, may be provided to, purchased, or subscribed to, by the ESOP Organisation. Through the handing over of these securities to the ESOP Organisation, or through the purchase of, or subscription to them by the ESOP Organisation, the Director concerned shall acquire a member’s shareholding in the ESOP Organisation. The member’s shareholding in the ESOP Organisation is a non-marketable 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, ex post assessment of risks) are fulfilled. The Supervisory Board is entitled to set the detailed conditions of performance-based remuneration awards granted through an ESOP entity, with the proviso that participation of the Director concerned in the ESOP entity may only take place based on the voluntary decision of the Director concerned.

VI. CONDITIONS FOR ENTITLEMENT TO VARIABLE REMUNERATION

Directors not employed by the Bank are not entitled to variable remuneration.

In the case of Directors in an employment relationship with the Bank, the evaluation of performance at group and institution level takes place on the basis of the criteria used to measure individual performance (financial indicators and indicators of the quality of work performance).

The **performance** of the Directors employed by the Bank **is measured** by weighting bank group / institutional and individual indicators, as follows:

- For the Chairman & CEO (CEO), institutional and individual indicators are taken into account with a 50% weight each.
- For the Deputy CEOs controlling the business and support areas, institutional indicators are taken into account with a 40% weight, while individual indicators with 60% weight.
- For Deputy CEOs fulfilling risk control functions, institutional indicators are taken into account with a 25% weight, while individual indicators with 75% weight.

The above weighting shall not apply to the case when the individual performance is below the institutional / banking group performance, as in this case the performance is determined based on the individual performance below the institutional / banking group performance, thereby ensuring that individual performances that are below the institutional / banking group performance are not recognised.

The **banking group and institutional indicators** applied to Directors may be as follows:

- RORAC+ (risk-adjusted ROE/COE)
- Cost-to-income ratio
- Market Share

The **individual numerical and logical indicators used for the Chairman & CEO (CEO)** may be as follows:

- OTP Group's strategic targets for the given business year.
- The Bank's strategic targets for the given business year.
- Priority projects of OTP Group and the Bank for the given business year.
- Additional numerical or logical (quality) indicators, that ensure the proper, profitable, sustainable and prudent operation of OTP Group in the given business year, at least one of which must be a target associated with social responsibility.

Individual numerical and logical indicators applied to **Deputy CEOs** may be as follows:

- If the Deputy CEO concerned qualifies as an ownership or professional manager of a subsidiary of the OTP Group, the composite indicator that defines the institutional targets of the subsidiary under his/her control as ownership / professional manager. The composite indicator that applies to such subsidiaries includes the observance of the cost manager’s budget, at least one financial indicator for the given business year, at least one numerical indicator for the given functional area (if measurable), and at least two logical (quality) targets.
- If the Deputy CEO concerned qualifies as a cost manager at the Bank, the observance of the cost manager’s budget.
- If the Deputy CEO concerned is in charge of a business area, he/she must have at least one financial/numerical indicator measuring the performance of the business area under his/her control.
- If the Deputy CEO is in charge of a support area, he/she must have at least one numerical indicator that measures the performance of the support area under his/her control, provided that the performance of the support area concerned is measurable and the performance expectation can be quantified in advance.

- If the Deputy CEO is in charge of a risk control area (risk management, internal audit, compliance), he/she must have at least one numerical indicator that measures the performance of the support area under his/her control, provided that the performance of the given area is measurable and the performance expectation can be quantified in advance.
- One or more of the logical (quality) indicators defined below, with the proviso that at least one target must be associated with social responsibility.

The **logical indicators** that measure quality performance may be as follows:

- Targets related to projects and business development.
- Targets related to acquisition and integration.
- Development, elaboration and implementation of corporate/business strategies.
- Strengthening, supporting and enforcing prudent behaviour.
- Targets related to human resources management.
- Targets related to group governance.
- Targets related to the establishment, provision and improvement of operating conditions.
- Corporate Social Responsibility (CSR) targets.

In terms of the **structure of the individual targets**, it is necessary to emphasise that, compared to all individual targets,

- numerical targets have a weighting of up to 60%,
- logical (quality) indicators represent at least 40% weight,
- competency-based (subjective) targets represent up to 20% weight.

The above performance assessment criteria effectively implement the Bank's strategy by aligning the business targets assigned to the Directors with the Bank's business plan, by ensuring that, in this context, the company's key strategic targets have a weight depending on the given Director's organisational level and his/her control over the implementation of the business targets, and by ensuring that the quantitative and qualitative targets that reflect the quality of the Directors' work, consistent with their responsibilities within the Bank, are also defined.

Members of the Supervisory Board who qualify as employee delegates may not, in this capacity, become eligible for variable remuneration, and therefore have no targets in this regard. The targets related to the employment of the employee delegate members of the Supervisory Board are aligned with the employees' organisational classification and responsibility, and cannot be determined in advance.

The group/institutional criteria for the business year in question, the related target values and the relevant performance and tolerance thresholds are determined by the Supervisory Board in the light of the annual financial plan. The Supervisory Board also determines the individual performance criteria of Directors for a given business year, the related target values and the relevant performance and tolerance thresholds.

Subject to this decision, the concrete performance assessment criteria for the Chairman & CEO (CEO) are established by the Board of Directors, while in the case of other Directors employed by the Bank, by the party exercising employer's rights. Another condition for eligibility for variable remuneration is the conclusion of a target agreement setting out the above objectives and the terms of payment.

Further detailed rules governing the determination of the eligibility for variable remuneration and the amount of the benefit are set out in the Group Remuneration Guidelines submitted to the General Meeting, and the Banking Group's Remuneration Policy elaborated on the basis thereof and accepted by the Supervisory Board, with particular regard to the following:

- the rules for determining the general and extraordinary bonus limits and for limiting these bonus limits;
- rules for determining and applying the performance threshold and the tolerance threshold;
- bodies and persons involved in performance assessment and entitled to determine the performance-based remuneration.

VII. DEFERRAL AND RETENTION RULES RELATING TO THE PAYMENT OF THE VARIABLE REMUNERATION

Variable remuneration may only be paid out in accordance with the time schedule determined by the deferral and retention rules set out in the Group Remuneration Guidelines.

Variable remuneration payable under a deferred payment schedule is divided up into short-term (non-deferred) and deferred instalments.

50% of the share-based part of the short-term (non-deferred) instalment of the variable remuneration is retained for one year. Accordingly, half of the short-term (non-deferred) instalment of the share-based performance-based remuneration is the non-retained part, while the other half is the retained part.

In the case of Directors, 60% of the variable remuneration is deferred.

The deferred portion of the performance-based remuneration shall be paid to the Directors within the deferral period prescribed by law and by the Group Remuneration Guidelines. This deferral period shall be 3 years for members of the Supervisory Board who qualify as employee delegates at the time of adoption of this Remuneration Policy, and 4 years for all other Directors. If the statutory regulations or the Group Remuneration Guidelines subsequently stipulate stricter deferral periods, then these stricter deferral periods shall apply to the payment of Directors' performance-based remuneration, from the effective date thereof.

The deferred part of the performance-based remuneration shall be paid out in equal instalments (e.g. 15-15-15-15%).

With respect to shares constituting the share-based part of the performance-based remuneration that will be paid in the future (deferred and retained part), employees do not have any right of disposal (for example, they may not conclude a pre-contract or contract with respect to this part, or offer it as collateral), and they will not be entitled to any dividend related to these shares until the time of acquisition.

With respect to deferred instalments, ex post risk adjustment must be applied. 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. Throughout the full outstanding period of deferral, the impacts related to the activity of the Director, occurring in the meantime, must be assessed, and the amount of performance-based remuneration paid out in a deferred manner must, if necessary, be reduced accordingly, including the possibility of complete withdrawal.

The Bank's Supervisory Board is also authorised to decide on the clawback of performance-based remuneration settled/paid out to the person concerned in respect of a period affected by a circumstance giving grounds for clawback, if the identified staff member was a participant in, or responsible for, a practice that resulted in a significant loss, or if he/she does not fulfil the expectations relating to suitability and competence or if a criminal offence or serious failures, abuses or deficiencies have been detected that have significantly damaged the good standing and/or profitability of the Bank or a Banking Group Subsidiary.

VIII. RELATIONSHIP BETWEEN THE SALARIES AND THE EMPLOYMENT CONDITIONS OF THE DIRECTORS AND COMPANY'S EMPLOYEES

Directors who are not employed by the Bank receive a honorarium but no performance-based remuneration. Due to its fixed nature, this honorarium is unrelated to the salaries and employment conditions of the Company's employees, and its amount is to be determined by the General Meeting. For Directors employed by the Bank, the relationships may be summarised as follows.

In addition to the Directors who are employed by the Bank, the Bank's employees are also entitled to performance-based remuneration aligned with their organisational level and classification, subject to the Bank's internal regulations.

An important principle in determining the variable remuneration for both Directors employed by the Bank and the Bank's other employees is that performance shall be measured against criteria on which the employee has an actual influence. In order to achieve this, in the course of performance assessment, descending through the Bank's organisational hierarchy, the weight of the banking group and institutional indicators decreases, while the weight of individual indicators gradually increases. The Bank's personnel engaged in sales activities are granted sales-based remuneration that takes account of the priority of consumer needs.

In the event that the Supervisory Board decides to establish an extraordinary bonus limit, on the basis of which additional variable remuneration will be paid to the Directors employed by the Bank, it is also necessary to determine, for the managers and employees subordinated to the Directors affected by the payment, a bonus limit ensuring payments exceeding the performance-based remuneration that is usual whenever a general bonus limit is opened, and to divide such limit for the persons concerned.

The approach applied in developing the remuneration is uniform for Directors employed by the Bank and all other employees of the Bank, and it ensures fair and competitive pay and employment conditions for all employees. For both the Directors and the Bank's other employees:

- the Bank uses market data obtained from external sources to make decisions regarding the level of income,
- the incentive system is closely linked to the company's strategic targets and long-term business performance,
- individual performance – including the achievement of individual targets – is measured every six months, and the results of the annual assessment constitutes the basis for performance-based remuneration.

It must also be noted, that the Bank has a number of benefit elements to which all employees of the Bank are entitled on equal terms (e.g. cafeteria limit, health fund and voluntary pension fund contribution, jubilee award).

IX. PRESENTATION OF THE DECISION-MAKING PROCESS FOR DEFINING, REVIEWING AND IMPLEMENTING THE REMUNERATION POLICY

The Bank's Remuneration Policy is required to set out rules, based on the statutory provisions applicable to credit institutions that are consistent with the Group Remuneration Guidelines elaborated in compliance with the same statutory regulations.

All Bank areas that are significant in terms of corporate governance are involved in the development of the Bank's Remuneration Policy. The proposal for the Bank's Remuneration Policy is to be approved by the Bank's Supervisory Board, after being discussed by the Bank's Risk Assumption and Risk Management Committee and the Bank's Remuneration Committee. After approval by the Supervisory Board, the Remuneration Policy is submitted by the Chairman of the Remuneration Committee to the General Meeting for a consultative vote. Should the General Meeting reject the Remuneration Policy, it must be re-submitted to the next General Meeting.

The Bank's Board of Directors is responsible for the day-to-day implementation of the Remuneration Policy. The Board of Directors of the Bank is required to ensure that the internal regulatory documents used in accordance with the provisions of the Remuneration Policy in respect of the same matters, as well as the individual declarations/agreements, are harmonised with the provisions of the Remuneration Policy.

The enforcement of the provisions of the Remuneration Policy is reviewed at least once a year by OTP Bank Plc’s internal auditing unit, which makes a report on this to the Remuneration Committee, Supervisory Board and Board of Directors of the Bank.

Based on the internal auditor’s report, the Remuneration Committee of OTP Bank Plc, if necessary, makes a proposal on amendment of the Remuneration Policy, and elaborates the appropriate procedures.

The Remuneration Committee of the Bank prepares remuneration decisions by taking into account the long-term interests of shareholders, investors and other stakeholders of the credit institution. The Remuneration Committee of the Bank draws up recommendations for the Bank’s Supervisory Board with regard to the remuneration of the Directors, and provides support and advice to the Bank’s Supervisory Board for the monitoring of the design and operation of the remuneration system. Proposals relating to the Remuneration Policy are submitted by the chairman of the Bank’s Remuneration Committee to the Bank’s Supervisory Board, which takes it into consideration and, if necessary, decides whether the proposal should be submitted to the next General Meeting of the Bank**.**

In exceptional cases, the Supervisory Board may, on the basis of a proposal by the Remuneration Committee, **derogate** from the provisions of this Remuneration Policy with respect to certain benefits and the objectives for which variable compensation is granted, if such derogation is necessary to ensure the long-term interests and sustainability of the company or to provide for its viability. Such exceptional circumstances may include, in particular, the situation where the Bank is able to attract or retain an adequately skilled and qualified, professionally suitable candidate in a position classified as Director under this Remuneration Policy only at the cost of derogating from this Remuneration Policy, and if failure to attract or retain such a Director would have a material adverse effect on the Bank's financial results. Derogations from the Remuneration Policy require a unanimous decision of the Remuneration Committee and a two-thirds majority decision of the Supervisory Board, and the derogation and its underlying reasons must be reported to the next General Meeting.

The Remuneration Policy must be amended if the amendment is made compulsory by a law.

In order to avoid a **conflict of interest** between the persons involved in the development of the Remuneration Policy, the following guarantee rules will be enforced:

- Members of the Bank’s Board of Directors who perform the management of an organisational unit in the Bank or in a Bank Group Subsidiary cannot be members of the Bank’s Remuneration Committee.
- Members of the Bank’s Supervisory Board may not be members of the Bank’s Remuneration Committee.
- Members of the Remuneration Committee of the Bank are obliged to notify the chairperson of the Remuneration Committee and the Supervisory Board of the Bank, simultaneously, should any cause of a conflict of interest on their part arise. Members of the Remuneration

Committee of the Bank from the time at which the cause of a conflict of interest arises, may not act in matters with Remuneration Committee's scope of authority, and any declaration made by them on behalf of the Remuneration Committee shall be null and void.

- The Remuneration Committee submitting the Remuneration Policy and the Risk Assumption and Risk Management Committee discussing it consists exclusively of independent (external) members of the Board of Directors, and the Supervisory Board approving the Remuneration Policy has a majority of independent members. These independent members of the Board of Directors and the Supervisory Board are not entitled to variable remuneration under the Remuneration Policy, and therefore have no personal interest in developing the incentive scheme.