

OTP BANK GROUP TAX POLICY



I. Introduction

This tax policy (further: Tax Policy) sets out the tax-related principles and practices of OTP Bank Group.

OTP Bank's Tax Policy has been designed in view of the taxation standards and expectations set by the Organisation for Economic Co-operation and Development (further: OECD) and the European Union (further: EU) for multinational enterprises, as well as the ESG transparency criteria.

The Tax Policy applies to the entire OTP Bank Group, all executive officers and employees of OTP Bank Group members, its natural and legal person experts, consultants and agents (further: agents).

The Tax Policy is based on the Code of Ethics of OTP Bank Plc¹ and complies with its principles. The whistleblowing channel may be used in case of incompliance. Tax compliance is considered to be part of OTP Bank Group's corporate culture.

The Tax Policy is approved and reviewed at least annually by the Board of Directors, with special regard to changes in tax legislation, tax authority and judicial practices, guidance of international organisations forming international tax policies and also considering changes in international practices.

II. Tax compliance and risk appetite

OTP Bank Group strives for the highest level of tax compliance, thus fulfils the tax payment liabilities and other tax obligations (e.g., data supply to tax authorities) as prescribed by the applicable legislation in each country where it operates or is subject to the legislation of a country's tax legislation for any other reasons. Tax avoidance and the use of legal loopholes in contrary to the original objectives of the applicable legal rules are strictly prohibited. This principle is an integral part of OTP Bank Group's corporate culture. OTP Bank Group acts in accordance with this also in its role as an intermediary (e.g., FATCA, CRS, DAC6).

OTP Bank Group does not participate in tax avoidance and does not encourage, promote or support tax avoidance in any way either for its clients, or to third parties. OTP Bank Group makes use of exclusively opportunities that are inherent in the applicable legislation, in line with the objectives thereof. In view of this principle, it strives for reducing the tax burden where possible within the limits provided by tax legislation, with special regard to the mitigation or avoidance of double taxation in respect of cross-border transactions, with reference to applicable international agreements and other regulations. OTP Bank Group does not participate in transactions the main objective or one of the main objectives of which is to achieve tax benefits.

OTP Bank Group does not allocate profits between jurisdictions for tax planning purposes. Cross-border transactions of OTP Bank Group are implemented for genuine business reasons without having their main purpose or one of the main purposes a tax benefit. OTP Bank Group does not establish or acquire shares in companies incorporated in non-cooperative jurisdictions (based on the lists published by the EU and local governments or tax authorities) and does not transact through such jurisdictions with the principal objective of achieving tax benefits. OTP Bank Group does not allocate profits to low-tax countries in order to obtain tax benefits.

OTP Bank Group does not promote and does not take part in transactions that are tax motivated, rely on the lack of provision of information to tax authorities or the lack of information exchange between tax authorities either within OTP Bank Group, or for its business partners or clients to the extent it is aware of such motives. In case circumstances indicate such motives, OTP Bank Group fulfils its legal obligations to

¹ https://www.otpgroup.info/static/sw/file/OTP_EtikaiKodex_EN.pdf

provide information to tax authorities in compliance with the applicable legislation (e.g., DAC6, FATCA, CRS).

OTP Bank Group applies the OECD transfer pricing principles to intra-group transactions, with a view to local requirements.

Services offered to clients by OTP Bank Group members are designed in compliance with the above principles.

III. Relationship with tax authorities

OTP Bank Group strives for maintaining an open, transparent relationship with tax authorities, based on mutual trust. Information required for tax audits is provided to the tax authorities in compliance with the applicable legislation in a timely manner. Where legally possible and the features of the transaction makes it reasonable, OTP Bank Group intends to achieve preliminary agreements with tax authorities (e.g., advance pricing agreement).

IV. Tax risk management

The operations of OTP Bank Group may entail various tax-related risks (further: Tax Risks), in particular, financial risks (e.g., tax underpayment, penalties, late payment interest), operational risks (e.g., restriction of certain activities), reputational risk.

Due to the complexity of tax legislation and the continuous development in tax authority and judicial practices, Tax Risks may not be eliminated. Nevertheless, OTP Bank Group strives for mitigating Tax Risks to the lowest level possible. There is no pre-determined level of Tax Risk that OTP Bank Group is prepared to accept. Tax Risks identified are managed individually, based on tax technical experience and professional judgement.

Where possible, OTP Bank Group members pursue to automate tax processes, integrating them into enterprise resource planning (ERP) systems, ensuring controls embedded in internal processes. In addition, risk identification, risk management and monitoring processes are incorporated in tax processes.

In case of uncertainty as regards the interpretation of tax legislation, Tax Risks may be managed by seeking advice from external tax advisors or obtaining official guidance from tax authorities where legal rules or local tax authority practice allow this (e.g., tax technical guideline, binding ruling, advance pricing agreement).

V. Tax compliance

Compliance with this Tax Policy is ensured by processes as set by group-wide and local internal policies, overseen by the managing director in charge of tax within OTP Bank Group.

The tax function is independent of business divisions. The profitability of transactions and services may not influence their tax treatment applied by OTP Bank Group. Tax returns filed by OTP Bank Group and other tax-related documents (e.g., various reports filed with tax authorities) reflect the tax implications of transactions and products based on objective professional judgement.

Seeking professional opinion of the tax division is imperative in designing, implementing and documenting of cross-border transactions, significant transactions and transactions out of the ordinary course of business.