

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. Effect of the Remuneration Policy

In the interests of determining the personal scope of the Bank Group's Remuneration Policy, the Bank, in accordance with the applicable European Union regulations, and taking into account criteria that reflect the institution's particular risk profile, applies, on the basis of the results of comprehensive risk-analysis procedures, a set of internal criteria that are consistent with the business and risk strategy, based on which it performs an annual assessment for the purpose of identifying employees who materially influence the Bank's risk profile.

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 of the employees of OTP Bank Plc.

- the Bank's 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, of 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 subsidiaries**, 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 will be applied using the principle of proportionality, with the proviso that in the case of companies operating within EU member states the payment of performance-based remuneration will be deferred.
- In the case of the **Auxiliary Enterprises** – in view of the nature of their activities – the vehicles of remuneration are determined in the form of a basic salary and a bonus.

4. The ratio of fixed and variable 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.

With respect to the persons covered by the remuneration policy, remuneration shall consist of fixed and variable components. The main components of fixed remuneration are the basic salary and ordinary shares issued by OTP Bank. The fixed remuneration provided in the form of ordinary shares in OTP Bank is settled once a year, within 30 days after the General Meeting that closes the given business year, with the proviso that in respect of 50% of the shares the beneficiaries are subject to an extended holding obligation (prohibition on sale) of one year.

The ratio of fixed and performance-based remuneration components shall be determined by the Bank's Supervisory Board, according to the function, size and complexity of the organization managed. The ratio of performance-based remuneration cannot exceed the 100% of the fixed remuneration in case of each concerned person

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

Management categories covered by the remuneration policy of the OTP Bank Group	Structure of remuneration	
	ratio of fixed remuneration	ratio of performance remuneration
members of the Board of Directors of OTP Bank Plc.*	100%	
members of the Supervisory Board of OTP Bank Plc.*	100%	
<i>the employees of OTP Bank Plc.</i>		
positions that materially influence the risk profile and profit	50-60%	50-40%
positions with responsibility for special management functions	50-60%	50-40%
positions with controlling functions	60%	40%
<i>from of the managers employed by the subsidiaries of the Bank Group that are subject to consolidated supervision</i>		
the top managers of the subsidiaries	50-80%	50-20%
in the case of key subsidiaries, 2nd-level (deputy) managers and holders of positions with responsibility for special management functions	50-67%	50-33%

*fixed-amount honorarium

5. The method and instruments of performance assessment linked to variable remuneration

In the case of **managers employed by OTP Bank Plc.**, performance is assessed, in addition to the RORAC index ¹ 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 values of the indices are determined by the Bank's Supervisory Board on the basis of the prevailing annual financial budget. The Supervisory Board may modify such target values in consideration of 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.

6. Determining entitlement to variable remuneration

In respect of the year evaluated, the entitlement to variable remuneration and the extent thereof must be determined within 30 days following the ordinary annual General Meeting closing the year in question.

- For **senior managers of OTP Bank Plc.** (CEO and deputy CEOs) the entitlement to variable remuneration and the extent of such compensation shall be determined by the Supervisory Board, in proportion to the fulfilment of annual objectives.
- The entitlement of **managers employed by the Bank** to variable remuneration and the extent thereof shall be determined by the CEO, with the proviso that in respect of the heads of Risk Management, Internal Audit and Compliance the Remuneration Committee has the right of joint decision-making.
- The entitlement of the **managers of the Bank Group's subsidiaries** to variable remuneration and the extent of compensation shall be determined by the body exercising ownership rights, with the preliminary approval of the Remuneration Committee of OTP Bank Plc.

7. Principles and rules concerning the payment of variable remuneration

- Upon 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 fixed and variable compensation.
- As a general rule, performance-based variable remuneration shall be paid out in the form of a cash bonus and a share allowance granted at a discount, in a ratio of 50-50%.
- The number of shares per person that may be used as a share allowance granted at a discount must be determined on the basis of the quotient of the amount of share-based performance remuneration and the value of the share allowance granted with a discount in effect at the time of performance assessment.
- The value of share compensation granted at a discounted price in effect at the time of performance assessment must be determined on the basis of the average of the daily mean 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 performance assessment.
- 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 maximum HUF 4,000 at the time of vesting the share compensation. In respect of the year assessed, the specific content of the share allowance granted at a discounted rate shall be

¹ This 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.

decided upon by the Supervisory Board of the Bank, within 30 days from the General Meeting closing the economic year evaluated.

- As a general rule, payment of 60% of the variable remuneration is staggered 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.

- 50% of the first (non-deferred) share allowance granted at a discounted price shall be retained for a period of 1 year (entitlement will be awarded, but the compensation may actually be drawn in the draw-down period that follows the year in which the compensation was awarded).
- The Supervisory Board of OTP Bank Plc. is authorised to set the period for exercising the preferential share option at a maximum of two years, and to extend the specified period on one occasion by a maximum of two years, with the proviso that the entire draw-down period may not exceed two years.

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.

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.