

EXTRACT

from the Compliance Policy of OTP banka Srbija a.d. Novi Sad

I. INTRODUCTORY PROVISIONS

- (1) OTP banka Srbija a.d. Novi Sad with its subsidiaries (hereinafter: "Banking Group") ensures the Banking Group's external and internal regulatory compliance, as well as the identification and management of compliance risks in accordance with OTP group standards as well as applicable legislation.
- (2) Compliance risk is the possibility of adverse effects on the bank's financial result and capital as a consequence of failure to comply its operation with law and other regulation, operating standards, procedures for the prevention of money laundering and terrorist financing and other procedures, and other rules governing operation of banks, and in particular encompasses the risk of sanctions by the regulatory authority, risk of financial losses and reputational risk.
- (3) The Anti-Corruption Policy, the Data Protection Policy, the Social Media Policy, the Consumer Protection Compliance Program, Internal lines of defence – ESG, the Sanctions Policy and the Policy on the Financing of the Defence Industry comprise annexes to the Compliance Policy and are published on the Bank's website.

II. GENERAL PROVISIONS

II.1. Scope of the regulation

- (4) The activity of the Compliance function covers the Bank as a whole, including all of its organisational units and activities. Persons performing outsourced activities or engaged as experts or advisors, whether natural or legal persons, must meet compliance requirements and standards as well.

II.2. Position of the compliance function in the system of internal lines of defence

- (5) In accordance with the legislation and OTP group standards the Bank has identified the key principles that must satisfy in setting up internal lines of defense and security to promote the following:
 - a/ prudential operations of the Bank in compliance with legal and internal regulations;
 - b/ protection of the Bank's assets, as well as the interests and societal aims of its shareholders and customers in connection with the Bank;
 - c/ the Bank's undisturbed and profitable business and the continued trust of customers.
- (6) The Bank's internal lines of defense comprise the responsible internal governance and internal control functions.
- (7) Internal control functions include the Risk Management Division, Compliance Directorate, and the Internal Audit Directorate.

II.3. Principles of operating the compliance function

- (8) The compliance function is operated in order to create a lawful and ethical corporate culture that ensures the prudential and ethical operation of the Bank in the long term.
- (9) In the course of operating the compliance function, the Bank applies the following principles:
 - a. independence
 - b. integrity

- c. operation without interference
- d. objectivity
- e. preventive and proactive approach
- f. risk-based approach
- g. proportionality
- h. high level of professional care and competence
- i. full coverage
- j. efficiency, rationalisation of compliance costs

III. SPECIFIC PROVISIONS

III.1. Key areas of compliance

III.1.1. Processing and protection of personal data – GDPR

(10) The Bank is committed to the adequate protection of the personal data processed by it, in accordance with the Law on Personal Data Protection, other national regulation, and where applicable (not contrary to domestic legislation) provisions of the General Data Protection Regulation. As part of that, the Bank has established, operates and applies a system for regulation, implementation and auditing that provides for the adequate protection of personal data by meeting the criteria specified in applicable legislation and safeguarding the Bank's core business interests.

III.1.2. Conflict of interest, prohibition of corruption and bribery

- (11) The Bank has a vested business interest and a statutory obligation in ensuring that the personal interests of its employees and of members of its management bodies are not in conflict with the business interests and commitments of the Bank and its customers, and that the Bank identifies, prevents and manages the conflicts of interest related to its various activities, and regulates and ensures the assessment of suppliers' compliance (supplier pre-screening).
- (12) With a view to protecting its values and its customers, the Bank formulates requirements for ethical business operations.
- (13) The Bank develops and enforces rules on conflicts of interest and ethics, with a demand for all managers and control organisations to take firm action against any breach of those rules.
- (14) The Bank draws up a Conflict of Interest Policy to specify the circumstances that are associated with its investment service activity, ancillary services and related financial services, and which lead or may lead to a conflict of interest potentially causing adverse consequences for the business partner. The Policy also defines the detailed rules and measures that allow the prevention, identification and management of conflict of interest situations that are potentially prejudicial to the business partner. The Conflict of Interest Policy constitutes a part of the Investment Services Business Regulations in effect.
- (15) The Bank is committed to combatting corruption, and declared zero tolerance towards all forms of bribery and the gaining of unfair advantages. The purpose of the Group-level Anti-Corruption Policy is to define the principles of the anti-corruption activity, to identify the areas particularly exposed to the risk of corruption, and to serve as a core document for the formulation of the regulatory documents required for the Banking Group's anti-corruption efforts and for the anti-corruption activity of the relevant staff members.
- (16) The Bank has whistleblowing arrangements (hot line) in place for reporting breaches of ethical standards and of legal provisions on the rules of compliance.

III.1.3. Compliance with restrictions on information flows between financial and investment service activities

- (17) The Bank puts in place an internal organisational, operational and procedural mechanism to ensure that the data and information flows among the organisational units in charge of financial services, ancillary financial services and investment services comply with the applicable legal provisions and recommendations.
- (18) The organisational units of the Bank may only disclose confidential banking and securities information to one another as provided for in their own applicable internal regulations.
- (19) Additionally, the Bank ensures that any person may only access bank secrets and securities secrets on a need-to-know basis.

III.1.4. Prevention of market abuse (insider dealing, unfair price manipulation)

- (20) As a prominent member of the Belgrade Stock Exchange, the Bank, in its capacity as investment service provider and credit institution, is highly committed to the maintenance of transparency and efficiency in the capital market, and to compliance with all applicable legal obligations.
- (21) Within the meaning of applicable law and of its own regulation, the Bank prohibits insider dealing and attempted insider dealing in respect of the financial instruments of companies whose securities are issued in public offerings and in connection with which the insider person has obtained information. The transmission of such information is also prohibited. The Bank counters all forms of inside dealing, carrying out analyses and assessments of such incidents, and taking action to prevent such incidents, or address incidents that have occurred.
- (22) The Bank counters all forms of conduct that involves a potential for market manipulation, or is inconsistent with generally accepted professional principles, or discloses unfounded, false or potentially deceptive information and gives signals of that character about the price of a specific financial instrument, or artificially keeps the price of an instrument at an abnormal level.

III.1.5. Fair treatment of customers, consumer protection

- (23) The Bank is committed to the enforcement of consumers' interests. In this context, it follows consumer protection principles that are consistent in their approach, and takes into account changes in consumer habits and interests.

III.1.6. Ensuring compliance with the requirements pertaining to investment service activities as set out in legal regulations and regulatory – particularly supervisory – standards

- (24) Providing of investment services
- a/ The Bank continuously monitors and regularly assesses the adequacy and effectiveness of the measures and procedures relating to investment services as well as the measures aimed at addressing compliance deficiencies.
 - b/ The Bank takes all of the measures required to ensure that orders are carried out in the best interest of customers, and that it exercises utmost care and prudence in managing customers' financial instruments and investments.
- (25) Personal transactions
- a/ The Bank has undertaken a commitment to safeguard the interests of capital market participants, investors and customers, to maintain fair competition, and to prevent market abuse and conflicts of interest. To that end, it regulates the conclusion, notification and registration of any transactions by the persons concerned that are linked to investment service activities or the provision of ancillary services.

- b/ The Bank remains mindful of developing an internal regulatory environment that is suitable for preventing persons involved in activities leading to potential conflicts of interest from concluding transactions that are prohibited by the law or involve the illicit use of confidential information or would result in conflicts of interest, by having access to insider information as a result of their activity or to confidential information as a result of their relationship with customers.

III.1.7. Corporate governance

- (26) In the spirit of responsible corporate governance, the Bank has guidelines in place ensuring that its operations comply with the internationally recognised rules and standards of corporate governance, and that the public disclosure of information on its governance and operations makes it a transparent and verifiable company.
- (27) In its business practices, the Bank takes into account the interests of its shareholders, customers and counterparties.
- (28) In developing its products and granting access to its services, the Bank complies with the principles and standards of ethics and consumer protection whereby it is ensured that the services provided are modern, high-quality and fair, and meet customers' needs.
- (29) In accordance with the sustainability (ESG) criteria, the Bank assesses and evaluates its activity from the aspect of the activity's environmental impact (E), social fairness (S) and the related corporate governance issues (G), and ensures its compliance with the relevant legislative requirements.

III.1.8. Compliance with international tax agreements

- (30) The Bank has a fundamental interest and a legal obligation in ensuring its full compliance with the customer identification and reporting requirements set out in international tax arrangements (FATCA for the US, CRS/DAC2/DAC6 for the OECD and the European Union), and in applicable local law.

III.1.9. Compliance with the requirements of international sanctions and mitigation of risks associated with sensitive transactions

- (31) As part of the establishment and maintenance of its relationships and when making its business decisions, the Bank takes into account the economic, financial and commercial sanctions and embargo requirements approved by international organizations and specific states, thus, in particular, by the United Nations Security Council and the European Union. On its website, the Bank publishes a Sanctions Policy on general principles of applying international financial sanctions and Policy on financing of the defense industry, which are aligned with the OTP group Sanction policy.
- (32) In the interest of retaining market position and good reputation, supporting international collaboration and complying with legal regulations, the Bank formulates and shapes its regulations as well as its processes to ensure appropriate compliance with sanctions-related obligations and to protect the Banking Group's reputation.
- (33) In pursuing its business policy goals, the Bank strives to avoid sensitive transactions that may be detrimental to the reputation and business relations of OTP the Banking Group and accordingly, it inspects – in particular but not limited to – active transactions related to military goods, dual use products and technologies, the extraction of crude petroleum, nuclear energy and crypto instruments.

III.2. General Principles and requirements

III.2.1. Responsibility for compliance

- (34) As set out in the legal regulations in effect and in the internal provisions and regulations, the executives, managers, employees of the Bank undertake general responsibility for the application of compliance requirements and rules. All employees of the

organisation are under an obligation to enforce requirements for compliance, report any circumstances that pose a threat to enforcement, and participate in the elimination of such circumstances.

III.2.2. Conditions for the use of external advisors and experts

(35) To ensure adherence to the standards set out in this Policy, all persons providing outsourced activities, acting as external experts or advisors on behalf of the Bank are required to declare that they have read and understood the extract from the Compliance Policy, and acknowledge to be bound by its applicable provisions.