

Annex 4

EXTRACT**from 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 and Anti-Money Laundering and counter-Terrorist Financing Policy (Policy on compliance with provisions against money laundering and terrorist financing) are references 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 defence and security to promote the following:
- a/ its prudential, reliable and efficient operations in compliance with legal and internal regulations;
 - b/ the protection of its assets, the interests of its owners and customers in the Bank and its social objectives;
 - c/ the Bank’s undisturbed and profitable business and the continued trust of customers.
- (6) The Bank’s internal lines of defence comprise the responsible internal governance and internal control functions of the second and third lines of defence, which complement the controls built into the business processes (primary line of defence).
- (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 (requirement to ensure risk-based compliance)
- g. proportionality
- h. high level of professional care and competence
- i. individual and banking group 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 and a specialised area of expertise to ensure the full and professional performance of these tasks that provide 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. Integrity

(11)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.

(12)The Bank has 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).

(13)The Bank develops a Conflict of Interest Management Policy for investment services and ancillary services 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.

(14)With a view to protecting its values and its customers, the Bank formulates requirements for ethical business operations. The Bank shall develop ethical standards and internal professional standards, adapted to the specificities of the Group and its role in the financial intermediary system, aimed at mitigating risks, which are summarised and published in the Code of Ethics and the Partner Code of Ethics.

(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 and of legal provisions on the rules of compliance (violations).

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 applicable internal regulation Rulebook on Capital markets Compliance.

(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, market 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) In accordance with the relevant legislation, insider dealing and attempted insider dealing, advising another person to engage in insider dealing, soliciting another person to engage in insider dealing, unauthorised disclosure of inside information, and market manipulation and attempted market manipulation are considered market abuse.

(22)The Bank condemns and takes action against all forms of market abuse, analyses, investigates and takes action to prevent and, if they occur, to address them.

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

III.1.6.1 Providing of investment services

(24)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, furthermore, advises and assists persons responsible for the performance of investment services and activities in order to facilitate compliance with the relevant obligations.

(25)The Bank shall take all necessary measures to act with the utmost care and prudence in providing investment services, executing orders, taking into account the best interests of its clients and in handling clients' financial assets and funds.

III.1.6.2 Personal transactions

(26)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.

(27)The Bank develops 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

(28)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.

(29)In its business practices, the Bank takes into account the interests of its shareholders, customers and counterparties.

(30)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.

(31)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

(32)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

(33)Upon 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 the Government of the United States of America, the competent office of the United Kingdom , the European Union and Serbia. On its website, the Bank publishes a banking group level Sanctions Policy on general principles of application of international sanctions ID 10830 and a banking group-level Policy on financing of the defense industry.

(34)In the interest of retaining market position , supporting international collaboration and complying with legal regulations, the Bank formulates and shapes its regulations as well as its processes so as to ensure appropriate compliance with sanctions-related obligations and to protect the Banking Group's reputation. To this end, the Banking Group applies uniform rules.

(35) In pursuing its business policy goals, the Bank strives to avoid sensitive transactions that may be detrimental to the r business relations of OTP the Banking Group and accordingly, it inspects – in particular but not limited to – active transactions related to the production and trade of defence-related products and services, nuclear energy, space industry, dual-use goods and technologies, exploration, production and wholesale of coal, crude oil, natural gas and their wholesale, production and wholesale of petroleum products, cryptocurrency and maritime transport .

III.1.10. Prevention of money laundering and terrorist financing

(36)The Banking Group's anti-money laundering and counter-terrorist financing activities aim to effectively prevent and deter the laundering of criminal assets and the financing of terrorism.

(37)The Banking Group develops internal policies, establishes and maintains effective processes and procedures to comply with national and international AML/CFT legislation and supervisory requirements.

(38)In order to identify, analyse, assess and manage money laundering and terrorist financing risks, the Banking Group prepares an AML/CFT risk assessment, which is reviewed at least annually.

(39)The Banking Group classifies its clients into risk categories and applies client due diligence measures according to the risk category. During the customer due diligence process, the "Know your customer" principle is applied to develop a client profile for the client and screen out suspicious transactions that do not fit the client profile, reporting to the financial intelligence unit (FIU) if necessary.

III.1.11. Compliance due diligence screening of correspondent relationships

(40)As part of the due diligence process, the Bank shall, prior to establishing a correspondent relationship with a service provider established in a foreign country and during the maintenance of that relationship, conduct a fact-finding analysis of the service provider in order to assess and evaluate its anti-money laundering and counter-terrorist financing instruments and provide the service provider with relevant information on the Bank.

III.2. General Principles and requirements

III.2.1. Responsibility for compliance

(41)As set out in the legal regulations in effect and in the internal provisions and regulations, all 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

(42)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.