

EXTRACT FROM COMPLIANCE POLICY OF JSCMB “IPOTEKA BANK”

I. INTRODUCTORY PROVISIONS

(1) Ipoteka bank and OTP Banking Group (“Banking Group” or “Group”) ensure the Banking Group’s statutory and internal regulatory compliance, as well as the identification and management of compliance risks in accordance with legislative provisions, the guidelines of the international and European financial supervisory authorities and MNB Recommendation No. 12/2022 (VIII. 11.) on setting up the internal lines of defence (“MNB Recommendation”).

(2) Compliance risks are the probability of incurring losses (losses) and (or) not receiving planned income as a result of non-compliance with the legislative acts of the Republic of Uzbekistan, the bank’s internal documents, as well as documents of foreign countries that may affect the bank’s activities.

(3) The following documents published on the website are the annexes of the Compliance Policy (and its present extract):

- a/ Anti-Corruption Policy;
- b/ Social Media Policy;
- c/ Consumer Protection Compliance Program;
- d/ Internal lines of defence – ESG;
- e/ OTP Banking Group Sanctions Policy;
- f/ OTP Banking Group Policy – Financing of the Defence Industry;
- d/ Anti-Money Laundering and Counter-Terrorist Financing Policy (Policy on compliance with provisions against money laundering and terrorist financing)

II. GENERAL PROVISIONS

II.1. Scope of the regulation

(4) The activity of the Compliance function covers the JSCMB “Ipoteka Bank” (hereinafter: 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 guidelines of European financial supervisory authorities and the recommendations of international and domestic financial regulators, the Hungarian National Bank Recommendation establishes the key principles and requirements that financial service providers must satisfy in setting up internal lines of defence and security to promote the following as regards the organisation:

- 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 organisation and its social objectives;
- c/ its smooth and efficient operation and the maintenance of confidence in it.

(6) The organisation's internal lines of defence comprise the responsible internal governance and the 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) Pursuant to the MNB Recommendation, internal control functions include the risk control function, the compliance function, and the internal audit function.

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 the Bank in the long term.

(9) In the course of operating the compliance function, the 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. Integrity

(10) The 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.

(11) The 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 the Bank and its customers, and that the 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 the Bank formulates requirements for ethical business operations. The 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 .

(13) The 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 q-Corruption Policy is to define the principles of the Group's 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.

(14) The the Bank has whistleblowing arrangements (hot line) in place for reporting breaches of ethical standards and of legal provisions on the rules of compliance (violations).

III.1.2. Fair treatment of customers, consumer protection

(15) The 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.1.3. Corporate governance

(16) In accordance with the sustainability (ESG) criteria, the 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.

(17) In the spirit of responsible corporate governance, the Parent Bank has guidelines in place ensuring that the operations of the Parent Bank, as a publicly traded company, comply with the internationally recognised rules and standards of responsible corporate governance, and that the public disclosure of information on its governance and operations makes it a transparent and verifiable company.

(18) In its business practices, the the Bank takes into account the interests of the Parent Bank's shareholders, customers and business partners.

(19) In developing its products and granting access to its services, the 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.

III.1.4. Compliance with international tax agreements

(20) The 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), and in applicable local law.

III.1.5. Compliance with the requirements of international sanctions and mitigation of risks associated with sensitive transactions

(21) Upon the establishment and maintenance of its relationships and making its business decisions, the the Bank takes into account the economic, financial and commercial sanctions and embargo requirements approved by international organisations 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 and the European Union. On its website, the the Bank publishes a banking group-level Sanctions Policy on its general principles of the application of international sanctions, and a banking group-level Policy on Financing of the Defence Industry.

(22) In the interest of retaining its market position, supporting international collaboration and complying with legal regulations, the 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.

(23) In pursuing its business policy goals, the the Bank strives to avoid sensitive transactions that may be detrimental to the business relations of 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.1.6. Prevention of money laundering and terrorist financing

(24) The Bank's and OTP 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.

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

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

(27) 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.1.7. Compliance due diligence screening of correspondent relationships

(28) As part of the due diligence process, the 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 the Bank.

III.2. General principles and requirements

III.2.1. Responsibility for compliance

(29) As set out in the legal regulations in effect and in the internal provisions and regulations, all employees of the the Bank undertake general responsibility for the application of compliance requirements and rules. All employees of the organisation are under 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

(30) 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 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 provisions.