

EXTRACT

from Compliance Policy POL-CAM- 120 of OTP Bank Albania sha

## I. INTRODUCTORY PROVISIONS

OTP Bank Albania ("Bank" or "OBA") ensures statutory and internal regulatory compliance, as well as the identification and management of compliance risks in accordance with the local regulatory requirements and Group guidelines.

Compliance risk is the potential legal risk, the risk of supervisory or other official sanctions, of significant financial losses, or of reputational damage due to a failure to adhere to legislation or other non-legislative standards and internal rules applicable to the organization and pertaining to its service activities.

## II. GENERAL PROVISIONS

### II.1. Scope of the regulation

The activity of the Compliance function covers the **OTP Bank Albania sha** (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

In accordance with the local law requirements and Group guidelines the Bank must satisfy in setting up internal lines of defense and security to promote the following:

- a) prudential operations of the organization in compliance with legal and internal regulations;
- b) protection of the provider's assets, as well as the interests and societal aims of its shareholders and customers in connection with the provider;
- c) the provider's undisturbed and profitable business operation and the continued trust of customers and society.

The Bank's internal lines of defense comprise the responsible internal governance and internal control functions.

Internal control functions include the risk control function, the compliance function, and the internal audit function.

### II.3. Principles of operating the compliance function

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.

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

The Bank OTP Bank Plc is committed to the adequate protection of the personal data processed by it, in accordance with the provisions of the General Data Protection Regulation and the applicable national laws and regulations. As part of that, OTP Bank Plc 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, ethics

It is in our Bank 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)

With a view to protecting its values and its customers, the Bank formulates requirements for ethical business operations.

The Bank develops and enforces rules on conflicts of interest and ethics, with a demand for all managers and control organizations to take firm action against any breach of those rules. The Bank has whistleblowing policy and relevant contacts in place for reporting breaches of ethical standards and of legal provisions on the rules of compliance. The Bank attitude toward anti-corruption policies is clearly stated in its Code of Ethics published on Bank's official website,

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 procedural rules and measures that allow the prevention, identification and management of conflict of interest situations that are potentially prejudicial to the business partner.

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

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.

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.

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)

We are part of the OTP Group, and the parent company OTP Bank Plc. as a prominent issuer of the Budapest Stock Exchange thus in its capacity as issuer, 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.

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.

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

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 provided by the Bank

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.

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

In the spirit of responsible corporate governance, the Bank has guidelines in place ensuring that as its operations comply with the local rules and Group guidelines of corporate governance, and that the public disclosure of information on its governance and operations makes it a transparent and verifiable company.

In its business practices, the **Bank** takes into account the interests of the Group shareholders, customers and business partners.

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.

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**

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 US and CRS for the OECD based on the obligation of Albania and laws implemented accordingly.

### **III.1.9. Compliance with the requirements of international sanctions and protection of the Banking Group's reputation**

As part of the establishment and maintenance of its relationships and when making its business decisions, the Bank takes into account the embargo-imposing, sanctioning and other restrictive measures of international organisations and various states, in particular, the applicable provisions of the United Nations Security Council and the European Union. On its website, the Bank publishes a Group-level Sanctions Policy on its general principles of the application of international financial sanctions, and a Group-level Policy on Financing of the Defence Industry.

In the interest of retaining its market position and good reputation, supporting international collaboration and complying with legal regulations, the Bank formulates and shapes regulations as well as day-to-day processes and practice so as to ensure appropriate compliance with sanctions-related obligations and to protect the Banking Group's reputation.

The Bank enforces its business policy measures by ensuring that it avoids transactions and relationships that have an adverse impact on the Banking Group's reputation and business relationships.

## **III.2. General Principles and requirements**

### **III.2.1. Responsibility for compliance**

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**

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To ensure adherence to the standards set out in this Policy, all persons 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 provisions.