

**EXTRACT**

**from the Compliance Policy of Crnogorska Komercijalna Banka AD  
Podgorica**

## I. INTRODUCTORY PROVISIONS

(1) Crnogorska Komercijalna Banka a.d. Podgorica, ("hereinafter: the Bank") in accordance with OTP Bank Plc's (hereinafter: OTP) Compliance Directorate's request ensures the banking/Banking Group's external and internal regulatory compliance, as well as the identification and management of compliance risks in accordance with the guidelines of the international and European financial supervisory authorities and the OTP's request.

(2) 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 financial institution regarding its financial service activities.

(1) The Anti-Corruption Policy, the Sanctions Policy and the Policy on the Financing of the Defense Industry comprise annexes to the Compliance Policy and are published on the website.

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

- a/ Anti-Corruption Policy;
- b/ Sanctions Policy;
- c/ Policy on Financing of the Defence Industry;
- d/ Social Media Policy;
- e/ Data Protection Policy.

## II. GENERAL PROVISIONS

### II.1. Scope of the regulation

(1) The activity of the compliance function covers the Bank as a whole, including all of its organizational 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

(1) The Bank established the key principles and requirements that financial service providers must satisfy in setting up internal lines of defense and security to promote the following:

- a/ prudential operations of the provider 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.

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

(3) Internal control functions include the risk control function, the **compliance function**, and the internal audit function.

## II.3 Principles of operating the compliance function

(1) The compliance function is operated in order to create a lawful and ethical corporate culture that ensures the Bank's prudential and ethical operation in the long term.

(2) In the course of operating the compliance function, the Bank applies the following principles:

- a) independence
- b) integrity
- c) operations 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, rationalization of compliance costs

## II. DETAILED PROVISIONS

### II.1 Key areas of compliance

#### II.1.1 Processing and protection of personal data

(1) The Bank is committed to the adequate protection of the personal data processed by it, in accordance with the provisions of the Montenegrin Law on Personal Data Protection. As part of that, the Bank will establish, operate and apply 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, prohibition of corruption and bribery

- (1) 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).
- (2) With a view to protecting its values and its customers, the Bank formulates expectations for ethical business operations. 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. The Bank has whistle blower arrangements (ethical hot line) in place for reporting breaches of ethical standards. The Bank applies a Group-level Anti-Corruption Policy and on its website it publishes a notice with respect to the Policy.

- (3) 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 such conflict of interest situations that are potentially prejudicial to the business Partner.
- (4) 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 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 Bank's anti-corruption efforts and for the anti-corruption activity of the relevant staff members.

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

- (1) The Bank develops an internal organisational, operational and procedural mechanism to ensure that the data and information flows among the organisational units in charge of financial services, auxiliary financial services and investment services comply with the applicable legal provisions and recommendations.
- (2) The Bank's organizational units may only disclose confidential banking and securities information to one another as provided for in the Bank's applicable internal regulation.
- (3) Additionally, the Bank ensures that any person may only access confidential banking and securities information on a need to know basis.

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

- (1) As a prominent issuer of the Montenegrin Stock Exchange, the Bank, in its capacity as issuer, ancillary investment services 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.
- (2) 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 issued by the Bank and of the financial instruments of companies whose securities are issued in public offerings and in connection with which insider information has been obtained. The transmission of such information is also prohibited. The Bank counters all forms of inside dealing, carrying out analyses and examinations of such incidents, and taking action to prevent such incidents, or address incidents that have occurred.
- (3) 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**

- (1) The Bank is committed to the enforcement of consumers' interests. As part of that, it follows any relevant 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**

- (1) 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.
- (2) 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**

- (1) 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.
- (2) In the spirit of corporate governance, the Parent Bank has guidelines in place ensuring that as a publicly traded company, its operations comply with the internationally recognized 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.
- (3) In its business practices, the Bank takes into account the interests of the public company, its shareholders, customers and counterparties.
- (4) 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.

### **III.1.8. Compliance with international tax agreements**

- (1) 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 Montenegrin law.

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

- (1) 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 organisations and specific states, thus, in particular, by 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 sanctions and a Group-level Policy on the Financing of the Defense Industry.

- (2) 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 and practice so as to ensure appropriate compliance with sanctions-related obligations and to protect the Banking Group's reputation.
- (3) In pursuing its business policy goals, the Bank strives to avoid sensitive transactions that may be detrimental to the reputation and business relations of 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**

- (1) 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 organization 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**

- (1) 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 provisions.