

## **Disclosure of information on sanction imposed on legal person and responsible person**

### **Misdemeanour decision against legal person and responsible person**

<b>Information on perpetrator</b>	
Business name and registered office of legal person	Nova Kreditna banka Maribor d.d., Ulica Vita Kraigherja 4, 2000 Maribor, now OTP banka d.d., Slovenska cesta 58, 1000 Ljubljana
Name of natural person	John Michael Denhof, Matej Falatov and Sabina Župec Kranjc
<b>Information on breach</b>	
Description of circumstances and conduct constituting breach of ZBan-3	Breach in the area of internal governance, owing to which Banka Slovenije imposed an official reprimand on the bank and the three responsible persons for a misdemeanour under point 19 of the first paragraph of Article 396 of the ZBan-3 via a misdemeanour decision.
Nature of identified breaches	Inadequate remuneration policy and practices
<b>Operative part of the decision by which the relevant proceedings are completed</b>	
<p>As the misdemeanours authority pursuant to Article 403 of the Banking Act<sup>1</sup> in connection with Article 134(1) of Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014 establishing the framework for cooperation within the Single Supervisory Mechanism between the European Central Bank and national competent authorities and with national designated authorities (SSM Framework Regulation)<sup>2</sup> and Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions,<sup>3</sup> pursuant to Article 46 and the second paragraph of Article 51 of the Minor Offences Act,<sup>4</sup> via the authorised official Jurij Žitko, acting <i>ex officio</i> in misdemeanours proceedings against the legal person Nova Kreditna banka Maribor d.d., of Ulica Vita Kraigherja 4, 2000 Maribor (now OTP banka d.d., of Slovenska cesta 58, 1000 Ljubljana) and against the responsible persons John Michael Denhof, Matej Falatov and Sabina Župec Kranjc, who are all being represented by Odvetniška družba Kavčič, Bračun in partnerji o.p., d.o.o. of Ljubljana, for reason of a misdemeanour under point 19 of the first paragraph in connection with the second paragraph of Article 396 of the ZBan-3, and under point 19 of the first paragraph in connection with the fourth paragraph of Article 396 of the ZBan-3, Banka Slovenije hereby:</p> <p style="text-align: center;"><b>rules that:</b></p> <p><b>1. The legal person Nova Kreditna banka Maribor d.d., Ulica Vita Kraigherja 4, 2000 Maribor, now OTP banka d.d., Slovenska cesta 58, 1000 Ljubljana, registration number 5860580000 (hereinafter: the bank or the legal person)</b></p> <p style="text-align: center;"><b>bears liability for the following:</b></p> <p>the bank's responsible persons, namely John Michael Denhof as president of the management board,</p>	

<sup>1</sup> Banking Act (Official Gazette of the Republic of Slovenia, Nos. 92/21, 123/21 [ZBNIP], 2/25 [constitutional court decision] and 17/25; hereinafter: the ZBan-3)

<sup>2</sup> Regulation (EU) No 468/2014 of the European Central Bank of 16 April 2014 establishing a framework for cooperation within the Single Supervisory Mechanism between the European Central Bank and national competent authorities and with national designated authorities (OJ L 141 of 14 May 2014; hereinafter: the SSM Framework Regulation)

<sup>3</sup> Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287 of 29 October 2013; hereinafter: Regulation 1024/2013)

<sup>4</sup> Minor Offences Act (Official Gazette of the Republic of Slovenia, Nos. 29/11 [official consolidated version], 21/13, 111/13, 74/14 [constitutional court decision], 92/14 [constitutional court decision], 32/16, 15/17 [constitutional court decision], 73/19 [constitutional court decision], 175/20 [ZIUOPDVE], 5/21 [constitutional court decision] and 38/24; hereinafter: the ZP-1)

and Matej Falatov and Sabina Župec Kranjc as other members of the management board, who represented the bank in statutory matters acting either all in concert or individually in concert with at least the other member or the president of the management board, and who at the time of the misdemeanour were authorised to put in place the bank's stable internal governance arrangements, on behalf of, for the account of and using the resources of the bank, were complicit in the following in Maribor:

between 4 August and 31 October 2022 they failed to put in place a stable internal governance policy that would encompass appropriate remuneration policies and practices that are consistent with prudent and effective risk management, that encourage such conduct, and that are gender-neutral,

in that section 4.1.5 of the Remuneration policy of Nova KBM d.d. (version 15, which entered into force on 1 November 2021, and version 16, which entered into force on 1 July 2022) failed to comply with points 3 and 4 of the second paragraph of Article 190 and point b) of the eighth paragraph of Article 190 of the ZBan-3, because the Remuneration policy of Nova KBM d.d. stipulated that points 3 and 4 of the second paragraph of Article 190 of the ZBan-3 do not apply to a defined employee of the bank whose annual variable remuneration does not exceed EUR 100,000 gross, based on which the bank paid annual variable remuneration for 2021 to nine defined employees in 2022 in amounts ranging between EUR 50,000 and EUR 86,000 gross without deferring the payment of any portion of the variable remuneration or paying it in the form of financial instruments,

the bank thereby breached point 4 of the first paragraph of Article 148 of the ZBan-3 in connection with points 3 and 4 of the second paragraph of Article 190 of the ZBan-3 and point b) of the eighth paragraph of Article 190 of the ZBan-3.

The bank thereby committed a misdemeanour under point 19 of the first paragraph in connection with the second paragraph of Article 396 of the ZBan-3.

**2. The responsible person JOHN MICHAEL DENHOF, personal ID number (EMŠO): ■■■■■, ■■■■■ (hereinafter: the responsible person)**

**bears liability for the following:**

as a responsible person of the bank, as president of the management board at the time of the misdemeanour, and complicit with Matej Falatov and Sabina Župec Kranjc, with whom he represented the bank in statutory matters acting either all in concert or individually with at least one other member of the management board, he was authorised to put in place stable internal governance arrangements encompassing appropriate remuneration policies and practices that are consistent with prudent and effective risk management, that encourage such management, and that are gender-neutral, on behalf of, for the account of and using the resources of the bank, and was complicit in the following in Maribor:

between 4 August and 31 October 2022 in concert with Matej Falatov and Sabina Župec Kranjc he failed to put in place a stable internal governance policy that would encompass appropriate remuneration policies and practices that are consistent with prudent and effective risk management, that encourage such conduct, and that are gender-neutral,

in that section 4.1.5 of the Remuneration policy of Nova KBM d.d. (version 15, which entered into force on 1 November 2021, and version 16, which entered into force on 1 July 2022) failed to comply

with points 3 and 4 of the second paragraph of Article 190 and point b) of the eighth paragraph of Article 190 of the ZBan-3, because the Remuneration policy of Nova KBM d.d. stipulated that points 3 and 4 of the second paragraph of Article 190 of the ZBan-3 do not apply to a defined employee of the bank whose annual variable remuneration does not exceed EUR 100,000 gross, based on which the bank paid annual variable remuneration for 2021 to nine defined employees in 2022 in amounts ranging between EUR 50,000 and EUR 86,000 gross without deferring the payment of any portion of the variable remuneration or paying it in the form of financial instruments,

whereby the responsible person breached point 4 of the first paragraph of Article 148 of the ZBan-3 in connection with points 3 and 4 of the second paragraph of Article 190 of the ZBan-3, point b) of the eighth paragraph of Article 190 of the ZBan-3, and point 1 of the first paragraph of Article 47 of the ZBan-3, as a result of which a misdemeanour under point 19 of the first paragraph of Article 396 of the ZBan-3 (as defined in point 1 of the operative part of this decision) was committed.

John Michael Denhof thereby committed a misdemeanour under point 19 of the first paragraph in connection with the fourth paragraph of Article 396 of the ZBan-3.

**3. The responsible person MATEJ FALATOV**, personal ID number (EMŠO): ■■■■■ (hereinafter: the responsible person)

**bears liability for the following:**

as a responsible person of the bank, as a member of the management board at the time of the misdemeanour, and complicit with John Michael Denhof and Sabina Župec Kranjc, with whom he represented the bank in statutory matters acting either all in concert or individually in concert with at least the other member or the president of the management board, he was authorised to put in place stable internal governance arrangements encompassing appropriate remuneration policies and practices that are consistent with prudent and effective risk management, that encourage such management, and that are gender-neutral, on behalf of, for the account of and using the resources of the bank, and was complicit in the following in Maribor:

between 4 August and 31 October 2022 in concert with John Michael Denhof and Sabina Župec Kranjc he failed to put in place a stable internal governance policy that would encompass appropriate remuneration policies and practices that are consistent with prudent and effective risk management, that encourage such conduct, and that are gender-neutral,

in that section 4.1.5 of the Remuneration policy of Nova KBM d.d. (version 15, which entered into force on 1 November 2021, and version 16, which entered into force on 1 July 2022) failed to comply with points 3 and 4 of the second paragraph of Article 190 and point b) of the eighth paragraph of Article 190 of the ZBan-3, because the Remuneration policy of Nova KBM d.d. stipulated that points 3 and 4 of the second paragraph of Article 190 of the ZBan-3 do not apply to a defined employee of the bank whose annual variable remuneration does not exceed EUR 100,000 gross, based on which the bank paid annual variable remuneration for 2021 to nine defined employees in 2022 in amounts ranging between EUR 50,000 and EUR 86,000 gross without deferring the payment of any portion of the variable remuneration or paying it in the form of financial instruments,

whereby the responsible person breached point 4 of the first paragraph of Article 148 of the ZBan-3 in connection with points 3 and 4 of the second paragraph of Article 190 of the ZBan-3, point b) of

the eighth paragraph of Article 190 of the ZBan-3, and point 1 of the first paragraph of Article 47 of the ZBan-3, as a result of which a misdemeanour under point 19 of the first paragraph of Article 396 of the ZBan-3 (as defined in point 1 of the operative part of this decision) was committed.

Matej Falatov thereby committed a misdemeanour under point 19 of the first paragraph in connection with the fourth paragraph of Article 396 of the ZBan-3.

**4. The responsible person SABINA ŽUPEC KRANJC**, personal ID number (EMŠO): ■■■■■■■■■■ (hereinafter: the responsible person)

**bears liability for the following:**

as a responsible person of the bank, as a member of the management board at the time of the misdemeanour, and complicit with John Michael Denhof and Matej Falatov, with whom she represented the bank in statutory matters acting either all in concert or individually in concert with at least the other member or the president of the management board, she was authorised to put in place stable internal governance arrangements encompassing appropriate remuneration policies and practices that are consistent with prudent and effective risk management, that encourage such management, and that are gender-neutral, on behalf of, for the account of and using the resources of the bank, and was complicit in the following in Maribor:

between 4 August and 31 October 2022 in concert with John Michael Denhof and Matej Falatov she failed to put in place a stable internal governance policy that would encompass appropriate remuneration policies and practices that are consistent with prudent and effective risk management, that encourage such conduct, and that are gender-neutral,

in that section 4.1.5 of the Remuneration policy of Nova KBM d.d. (version 15, which entered into force on 1 November 2021, and version 16, which entered into force on 1 July 2022) failed to comply with points 3 and 4 of the second paragraph of Article 190 and point b) of the eighth paragraph of Article 190 of the ZBan-3, because the Remuneration policy of Nova KBM d.d. stipulated that points 3 and 4 of the second paragraph of Article 190 of the ZBan-3 do not apply to a defined employee of the bank whose annual variable remuneration does not exceed EUR 100,000 gross, based on which the bank paid annual variable remuneration for 2021 to nine defined employees in 2022 in amounts ranging between EUR 50,000 and EUR 86,000 gross without deferring the payment of any portion of the variable remuneration or paying it in the form of financial instruments,

whereby the responsible person breached point 4 of the first paragraph of Article 148 of the ZBan-3 in connection with points 3 and 4 of the second paragraph of Article 190 of the ZBan-3, point b) of the eighth paragraph of Article 190 of the ZBan-3, and point 1 of the first paragraph of Article 47 of the ZBan-3, as a result of which a misdemeanour under point 19 of the first paragraph of Article 396 of the ZBan-3 was committed.

Sabina Župec Kranjc thereby committed a misdemeanour under point 19 of the first paragraph in connection with the fourth paragraph of Article 396 of the ZBan-3.

**4. Pursuant to the second and fourth paragraphs of Article 396 of the ZBan-3 in connection with point 19 of the first paragraph of Article 396 of the ZBan-3 and in connection with Article 21 of the ZP-1, the following sanctions are being imposed:**

- an **OFFICIAL REPRIMAND** on the bank for the misdemeanour referred to in point 1 of this operative part,
  - an **OFFICIAL REPRIMAND** on the responsible person John Michael Denhof for the misdemeanour referred to in point 2 of this operative part,
    - an **OFFICIAL REPRIMAND** on the responsible person Matej Falatov for the misdemeanour referred to in point 3 of this operative part,
- and**
- an **OFFICIAL REPRIMAND** on the responsible person Sabina Župec Kranjc for the misdemeanour referred to in point 4 of this operative part.

The bank shall pay a court fee of EUR 30 within eight days of the decision becoming final.

The responsible person John Michael Denhof shall pay a court fee of EUR 30 within eight days of the decision becoming final.

The responsible person Matej Falatov shall pay a court fee of EUR 30 within eight days of the decision becoming final.

The responsible person Sabina Župec Kranjc shall pay a court fee of EUR 30 within eight days of the decision becoming final.

The bank and the responsible persons shall themselves bear any costs of their advocates' remuneration and expenses, and shall also pay other procedural costs referred to in the first paragraph of Article 143 of the ZP-1, should they be levied after the decision is issued.

After the deadline for paying the procedural costs, the bank and the responsible persons may request the payment of the procedural costs in instalments at the authority responsible for forcible recovery (Financial Administration of the Republic of Slovenia).

Any outstanding procedural costs shall be collected forcibly.

The court fee shall be paid into Banka Slovenije account number SI56 0100 0000 0100 090, reference SI05 311200010.

5. In accordance with Article 310 of the ZBan-3, after issuance of the decision Banka Slovenije shall publish the **following information** on its website:
- information about the perpetrator:
    - the name and registered office of the legal person, or
    - the name of the natural person;
  - information about the breach:
    - a description of the circumstances and conduct that constitute a breach of the aforementioned law or the CRR,
    - the nature of the identified breaches;

- the operative part of the decision by which the relevant proceedings are completed,  
**with the exception of:**
  - the personal data of the perpetrators (responsible persons): job title, personal identification number, address;
- information as to whether judicial review proceedings have been initiated against the decision.

**Information on initiation of judicial review and any rectification of breaches**

The bank and all the responsible persons have lodged a request for judicial review against the misdemeanour decision, which is being ruled on by the competent court.

The bank has rectified the breaches.